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# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

Roundtable Discussion: Economic  
-Problems Facing Socialism

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20 March 1985

## EAST EUROPE REPORT

### ECONOMIC AND INDUSTRIAL AFFAIRS

Roundtable Discussion: Economic Problems Facing Socialism

### CONTENTS

#### BULGARIA

Roundtable Discussion: Economic Problems Facing Socialism (NOVO VREME, Nos 10, 11, 1984) .....	1
Roundtable Discussion on Economic Problems Continued (NOVO VREME, No 12, 1984) .....	89
General Production Problems Noted, by Tasho Pachev	
Political Economics, Ideology, by Aleksi Aleksiev	
Development of Private Ownership, by Yordan Kostadinov	
Anti-Marxist Views, by Ivan Kotsev	
Problems in Social Production, by Zdravko Kovachev	
Quantitative Methods Discussed, by Boyan Andonov	

BULGARIA

ROUNDTABLE DISCUSSION: ECONOMIC PROBLEMS FACING SOCIALISM

Sofia NOVO VREME in Bulgarian Nos 10, 11 1984

[No 10, 1984 pp 30-72]

[Text] The role of the science of economics and, particularly, of socialist political economy, in developing and resolving the basic problems of building a developed socialist society is increasing steadily. The theoretical concepts and practical approaches developed in the works of Todör Zhivkov after the 12th BCP Congress provide a fruitful foundation for the further development and intensification of the study of topical problems of socialist political economy with a view to improving the efficiency with which it serves socioeconomic practice.

This is what led the editors of NOVO VREME to organize a round table discussion on topical problems of socialist political economy, which took place on 27 and 28 June 1984. It was chaired by Academician N. Iribadzhakov, responsible editor of the periodical NOVO VREME, who opened the discussions with a few introductory words. Reports were submitted by the following: Dr of Economic Sciences Sl. Georgiev, Professor Dr of Economic Sciences M. Popov and Professor Dr of Economic Sciences Zh. Aroyo. A number of Bulgarian scientific workers participated in the debate with statements and questions, as follows: Professor Dr of Economic Sciences A. Miloshevski, Professor Dr of Economic Sciences T. Pachev, Professor Dr of Economic Sciences Zdr. Kovachev, Professor Dr of Economic Sciences N. Velikov, Professor Dr of Economic Sciences D. Vladov, Professor Dr of Economic Sciences Y. Boychev, Professor Dr of Economic Sciences P. Petkov, Professor Dr of Philosophical Sciences V. Vichev, Professor D. Spasov, Professor A. Aleksiev, Docent Dr of Economic Sciences D. Yanchev, Dr of Economic Sciences Y. Kostadinov, Docent Dr of Economic Sciences Iv. Kotsev, Docent B. Andonov, Senior Scientific Associate S. Stoilov, Docent P. Kamenov and Candidate of Economic Sciences A. Tomov.

The introductory speech and the reports and statements will be included in the present and future issues.

Introductory Speech by Academician N. Iribadzhakov, Responsible Editor of NOVO VREME

Comrades:

I deem it unnecessary to explain the reason for which the NOVO VREME editors decided to hold this round table discussion. All of us know the great role

which socialist political economy plays in our Marxist theory, to begin with, which is one of the structural components of Marxist science. Secondly, the significance of economic problems of socialism in building and developing our socialist society and the tremendous role which socialist political economy plays in the theoretical development and clarification of the problems of our country's economic development.

We also know that the economic problems of socialism are quite numerous and exceptionally important and difficult. It is precisely in the period following our party's 12th Congress that the party, represented by its leadership and, personally, Comrade Todor Zhivkov, not only drew the attention of our economists but developed a number of important problems of the country's economic development, the further clarification and development of which is the primary task of socialist political economy. At the same time, along with the development of the problems of the actual economic development of our society and real economic life, economists and others face a number of important problems of the development of socialist political economy itself as a science. The proper development and clarification of such problems largely depends on the successful scientific servicing of actual economic processes.

One of the most basic tasks of NOVO VREME as the theoretical organ of the BCP Central Committee is to explain and develop such problems and to involve the most noted economic scientists in the implementation of such tasks.

That is why we decided to hold a round table discussion and to invite the participation of the most noted representatives of our economic science, who deal especially with the economic problems of socialism, above all in our country, and representatives of other sciences--philosophy and sociology--who have something to do with the methodological problems of socialist political economy and the means and methods of cooperation in developing so-called "borderline" problems existing between socialist political economy and other sciences. All of us know that in the course of our scientific practice we occasionally come across borderline problems and developments which are quite difficult to classify. For example, sociology may lay a claim to some laws which, however, are also studied by political economy. What are they? Are they sociological or economic?

That is why we have invited here a few representatives of the sciences of philosophy and sociology.

I believe that after these few words we can begin our practical work.

As you know from the materials distributed in advance, we shall hear three reports: the first by Dr of Economic Sciences Slavcho Georgiev, who is a member of the editorial collegium of NOVO VREME; a report by Prof Nikola Popov and a co-report by Prof Zhak Aroyo. These three reports were distributed in advance among the participants in the round table discussion. At the same time they were issued a program on our proceedings and a list of topics of statements assigned and prepared in advance. We suggest the following procedure: since the reports have been issued, it is very important

for debates on them and on the assigned statements to take place. Both reports and statements have been assigned to the corresponding comrades by the editors of NOVO VREME. However, they express the viewpoints of their authors.

I am saying this so that there should be no hesitation as to whether to present one point of view or another for critical consideration. I believe that it would be useful to engage in free and bold discussion of problems and to express viewpoints and considerations and, if necessary, objections on the treatment of one problem or another by reporters and debaters.

\* \* \*

Dr of Economic Sciences Slavcho Georgiev: Problems of Socialist Political Economy at the Present Stage

It is not my purpose in this report to answer many of the questions which were raised but rather to present their relevance and significance at the present stage in our development. Many of the problems are debatable and probably a variety of views on them will be expressed at this round table discussion. This is entirely natural.

The role of socialist political economy in the accelerated building of a developed socialist society and shaping the scientific foundations of economic policy has increased exceptionally much at the stage in which the NRB [Bulgarian People's Republic] finds itself.

The social purpose of the science of economics is to bring to light the laws and basic trends of development of the society in which we live, to sum up economic practice and to direct it actively and purposefully toward higher forms of development. The growing role of socialist political economy is objectively determined by the profound qualitative changes in the country's economic development. This applies, first of all, to the quality changes in the reproduction process--the conversion from primarily extensive to primarily intensive development. Second, the dynamic development of the economy, expressed not only in quantitative but, above all, essential qualitative changes in the national economy. Third, economic theory is playing an increasing role in clarifying arising objective economic contradictions and defining the ways and means for their solution and determining the main sources of motion and development of socialist society. Fourth, it is very important for socialist political economy to make its great contribution to resolving the key problem of our socioeconomic development: upgrading quality and interpreting the economic problems of upgrading public production efficiency. Fifth, the role of political economy increases also as a result of the further aggravation of the ideological struggle between capitalism and socialism. Political economy is a class-oriented science and one of the basic components of Marxist-Leninist ideology. It is a science of revolutionary transformation and construction, scheduled to play a decisive role in the ideological education of the working people and in upgrading their socialist conscientiousness and social activeness.

All of these processes, which are new in our social development, change their dynamics, trends, nature and depth under the direct influence of the scientific and technical revolution, which is a revolution in the development of production forces. The quantitative and qualitative changes which have taken place under the influence of the scientific and technical revolution have also brought about certain substantial changes in the system of production relations and in the effect, forms of manifestation and means of utilization of the objective economic laws of socialism.

The development of the two sides of the public production process also determined the development of a greater maturity of superstructural relations. Substantial changes occurred in the management of the national economy.

Integration processes are intensifying alongside changes in the national economy. International economic relations are developing within the socialist community and economic laws are operating beyond national borders.

All of these new processes in the country's socioeconomic development determine the intensiveness, depth and range of development of economic theory. Economic theory must bring to light the universal connection and interaction among these heterogeneous processes and study both their harmonious and their conflicting development.

Socialist political economy will be on the level of the major problems it must resolve if it masters, further develops and creatively applies Marxist-Leninist methodology in the study of complex economic processes and phenomena. Currently the methodological problems of socialist political economy are assuming exceptional importance in terms of its further development as a science.

#### I. Central Problems of the Socioeconomic Development of the NRB--Topical Theoretical Problems of Socialist Political Economy in Our Country

The crucial problems which our country will be resolving during the Eighth Five-Year Plan and through 1990 under the guidance of the BCP were defined and clarified fully in the resolutions of the 12th BCP Congress, the BCP Central Committee plenums which were held after the congress and the National Party Conference on Upgrading Quality, as well as in a number of works by Comrade T. Zhivkov, particularly in his seven lectures to the students and staff of the AONSU [Academy of Social Sciences and Economic Management]. In order to exert maximal influence on economic practice, socialist political economy must substantially upgrade its role in the theoretical elaborations of the strategic trends of development of the NRB. To this effect, we must decisively surmount both general scientific development alienated from practice as well as gross practicalism.

The methodological concept of the organic connection between economic theory and economic practice is of fundamental importance in the development of socialist political economy. Three basic problems arise here. First, is it necessary to prove the connection between economic theory and social practice? It may seem that this initial postulate on the development of economic

theory is absolutely clear. The point is, however, that a significant percentage of economic works published in our country are based not on the thorough study and summation of practice but, above all, on literary sources. Their authors aspire mainly to analyze concepts and categories or to dispute one concept or another developed by other authors, rather than to engage in the theoretical summation of real economic processes and phenomena. On the other hand, empiricism, the description of facts and the presentation of huge amounts of statistical data without the necessary summations, plays a considerable role in some publications. Whereas the first trend inevitably leads to abstract theorizing and, frequently, to scholasticism, the second leads to gross practicalism and to an explanation of processes and phenomena as they appear on the surface, rather than as they actually are. This means that the great problem of the connection between economic theory and practice remains open and incompletely resolved in our country.

That is precisely why the second question is relevant in socialist political economy: how to achieve this direct connection? The view exists that it should be established indirectly, i.e., through the sectorial economic sciences. This is one of the main ways. However, political economy must also have a direct connection with practice. It must be its direct reflection and directly influence it as well. Otherwise it could not be the theoretical foundation of the party's economic policy. Third, which practice should be clarified and summed up by socialist political economy? This is not a question of individual economic facts and phenomena which appear in a given sector or enterprise, but the totality, the variety through which a political economic analysis should bring to light laws and main and durable trends in economic development.

A number of other factors, the subjective one, the economic leadership, above all, have a certain influence on economic development; in addition to said laws. This influence could be directed toward surmounting objectively arising contradictions. However, it could also lead to new contradictions of a subjective nature, which lead to negative, to adverse results. Socialist political economy should also study this aspect of social practice and determine the interests concealed behind such contradictions, their origins, etc.

Socialist political economy must develop general theoretical problems rather than specific and individual ones. It must shape theoretical foundations of the economic policy of the entire national economy rather than of individual sectors and subsectors. Furthermore, it should study not the economy in general but economic relations as a social form of production forces, economic laws and interests.

Social practice must be not only the basic starting position for the development of economic theory but the main criterion of its accuracy as well.

The resolutions of the 12th Congress stipulate that "particular attention should be paid to surmounting the lagging of economic sciences, which must be related most closely to the work of party, state and economic organs and organizations."

In his report at the 12th BCP Congress, Comrade T. Zhivkov emphasized that "major steps for the creative development of theoretical problems of building a mature socialist society were taken in the party's program and in a number of party documents which came out after its adoption. Some gaps and 'blank spots' in the development of the social sciences and their trends stand out quite clearly against the background of such accomplishments."<sup>2</sup>

The theoretical level of any science is defined above all by the extent to which it has penetrated profoundly in the processes and phenomena it studies, the extent to which it has determined the laws governing such processes and phenomena accurately and precisely and the summations it has made which could be of use in the development of social practice.

Currently the topical task of socialist political economy in the NRB is to determine their specific manifestation in our country on the basis of the study of the general laws of socialism, under the conditions of the scientific and technical revolution and the building of a developed socialist society. The main and decisive problem now is to intensify theoretical work on the most important problems related to the advancement of our economic system and to determine the objective and lasting trends in the strategic directions followed in Bulgarian economic development. This involves problems related to the dialectics of development of production forces and production relations, building the material and technical base of developed socialist society, intensification and upgrading efficiency and quality. To us today the problem of the owner and manager of public productive capital, the development of distribution and commodity-monetary relations, and improvements of the economic mechanism are of fundamental significance. The problems of the sources of economic growth is becoming relevant as well.

Problems related to bourgeois, revisionist and opportunistic interpretation of production relations under socialism are becoming increasingly topical as a result of the aggravated ideological struggle between capitalism and socialism.

Both the tasks I have set myself with this report and its limited size prevent me from providing a more extensive answer to these and other topical theoretical problems of socialist political economy. I repeat, the purpose is not to explain fully such problems but to formulate them as a basis for an expanded creative discussion. Without such broad creative discussion on topical problems no universally accepted scientific concepts and concepts relative to the development of socialist production relations could be accepted, such as to become a scientific base for BCP economic policy. We were given an example of this by Comrade T. Zhivkov, who emphasized in his second lecture that "lively debates are taking place in our country on this question. I would not like them to stop. - Science cannot do without debates, for it is through them and within them that scientific truth is born."<sup>3</sup> The tremendous historical experience gained in building socialism in our country and in the other fraternal socialist countries, the higher level of development of socialist production relations on the basis of dynamically developing production forces and the achievements of Marxist-Leninist economic theory, the

theory of the developed socialist society in particular, offer all the necessary prerequisites for resolving the topical problems which socialist political economy faces. We are confident that as a science it is on the major threshold of new and significant theoretical discoveries.

## II. Some Aspects of the Dialectics of Development of Production Forces and Production Relations at the Present Stage and Laying the Material and Technical Foundations for a Developed Socialist Society

The problems related to the consistency between production relations in the nature of production forces and the building of the material and technical foundations for a developed socialist society in our country are among the basic problems of socialist political economy. They have been relatively well explained in our economic literature from the viewpoint of the general characteristics of the law of the consistency between production relations and the nature of production forces as well as the nature and trends in laying the material and technical base. In recent years several works were published in our country on the material and technical base, the intensification of the national economy and public production efficiency, interpreting in their various aspects important features in the development of production forces and their interaction with production relations. I shall discuss only a few aspects of the dialectics of development of production forces and production relations at the present stage which, in my view, are particularly relevant.

Above all, this applies to problems related to the characteristics of the development of production forces under the conditions of the scientific and technical revolution. One of their most characteristic features is the dynamism of development under the influence of the scientific and technical revolution. "The development of contemporary production forces," writes the noted Soviet economist L. M. Gatovskiy, "is manifested as scientific and technical progress in its highest form--the scientific and technical revolution--in the course of which science is increasingly becoming a direct production force.... The scientific and technical revolution cannot be generally reduced merely to the superior form of the scientific and technical process. It plays an independent, a universal historical role which provides directions to the entire scientific and technical progress by playing the role of booster of the global process of transition to socialism. At the same time, it intensifies the processes of socialist construction."<sup>4</sup> The rapid changes which are taking place in the development of production forces under the influence of the scientific and technical revolution are found not only in the quantitative growth of their material and physical elements, i.e., in the material and technical base and in the structural changes of public production, in which leading sectors which are the direct carrier of scientific and technical progress are assuming increasing significance, but also in the development of man as the main productive force. It is precisely here, in the development of man as the main production force and the substantial changes in his role in the reproduction process, that we find the second main feature of contemporary social production forces. Under socialism the person is not only the main productive force but one of the basic yardsticks of contemporary social progress, one of the criteria in determining the nature and level of production forces.

The level of public production efficiency is another very important synthetic measurement of the nature and level of production forces under the conditions of the scientific and technical revolution. It would be no exaggeration to say that all scientific and technical progress, materialized in production forces, is reflected most strongly in the rates of growth of public production efficiency, the core of which is public labor productivity.

The added product has always been one of the yardsticks of social progress and, consequently of production forces. The new and specific features currently are the highly dynamic nature of its absolute growth and the increase of its relative share in the national income compared to the growth of the necessary product. The dynamic growth of the added product under socialism is not only the result of the scientific and technical revolution but also one of the important prerequisites for its accelerated development. This is because the size of the added product under socialism is not only the economic foundation for expanding the reproduction process and the quantitative and qualitative growth of the social product but also the main prerequisite for upgrading the population's living standard. Today the living standard, in turn, has a tremendous inverse impact on the rate of scientific and technical progress and on economic growth.

One of the most distinguishing features of the contemporary production forces is the substantial changes occurring in social labor--in its distribution, content and nature. In their joint work "German Ideology," Marx and Engels wrote that "the level of development of the production forces of the nation is revealed most clearly by the degree reached in the division of labor. Each new production force...entails a new division of labor."<sup>5</sup> On the other hand, "the various steps in the development of the division of labor are also different forms of ownership. In other words, every step in the division of labor also determines the nature of individual interrelationships and their attitude toward labor materials, tools and products."<sup>6</sup>

The scientific and technical revolution affects essentially and above all the social division of labor by exceptionally accelerating the processes of specialization, concentration, cooperation and combination. The socialization of social production to a tremendous extent, the establishment of a national economic cooperation of labor, the development of labor intellectualization, etc., bring about important changes in the content and nature of labor. The share of manual labor is reduced and, to a certain extent, the technological nature of the reproduction process changes. In this respect automation, robotics, the use of biological and chemical production methods, etc., play a particularly important role. The share of intellectual labor increases at a fast rate. All of these are very important prerequisites for some changes in the nature of socialist labor as well. For example, social disparities between individual groups and categories are eliminated with increasing success and processes of social homogeneity are accelerated. "Under the conditions of a socialist system," Comrade T. Zhivkov points out, "the automation and cybernetization of public production accelerate the elimination of major disparities between mental and physical labor and contribute to raising the level of the countryside to that of the town. Increased possibilities are acquired for upgrading the general and professional standards of the working

people and for the comprehensive social realization of the socialist individual."7

All of these characteristics in the development of the production forces of the socialist society also determine some new aspects of their interaction with production relations at the contemporary stage in our socioeconomic development.

First, the dynamic changes in the development of production forces is not always paralleled by the accelerated development of the totality of production relations. Second, the conversion to essentially intensive development of the national economy introduces a number of features in the interaction between production forces and production relations. Third, although objective, this interaction is always accompanied by a significant influence of the subjective factor with its possibilities of establishing the objective trends of development and finding the accurate ways and means for surmounting arising contradictions in the country's economic development. With a view to accelerating the development of production forces and surmounting some contradictions which have arisen in the case of production relations, the BCP has developed both a new economic approach and an economic mechanism.

The organic combination of scientific and technical progress with the advantages of socialism is a new feature in the interaction between production forces and production relations at the present stage. This means that socialist production relations will influence the accelerated development of production forces essentially by directly influencing the dynamics of scientific and technical progress. Scientific and technical progress is of determining significance in laying a material and technical base consistent with mature socialism and national economic intensification and, on the international level, in winning in the economic competition with capitalism. Bearing this determining influence of scientific and technical progress in mind, Comrade T. Zhivkov emphasizes the following: "The development of a material and technical base consistent with mature socialism means the creation of a base for contemporary scientific and technical progress and standing firmly on the achievements of the scientific and technical revolution."<sup>8</sup> By further developing and enriching the basic ideas in laying the material and technical foundations in our country, he emphasizes in his seventh lecture that "the qualitative distinction of the material and technical base of developed socialism should be sought not in machines, equipment and technology but in the objectives and specific socioeconomic problems which our society sets for itself and resolves with its help."<sup>9</sup>

The forms of manifestation of contradictions between production forces and production relations are a new aspect of their interaction. In the first place, the contradiction between the dynamics of development of production forces and the obsolete forms of social production, i.e., of socialization, are manifested most clearly. In our country this contradiction became particularly aggravated at the beginning of 1970. As we know, we undertook the establishment of a new type of economic trusts and organizations and APK [agroindustrial combines] and PAK [industrial-agrarian combines] in agriculture in order to surmount it. The accelerated development of specialization,

concentration, cooperation and combination will probably require the search for newer organizational means of public production within a relatively short time in the future.

Secondly, contradictions are manifested in terms of the existing forms of organization of national economic management. Over the past 10-15 years the BCP has done a great deal to make the organization of national economic management consistent with the nature and level of contemporary production forces. It is clear, however, that our present management organization is also becoming obsolete. A number of intermediary and unnecessary economic levels exist, which hold back the development of scientific and technical progress. The question of the two-step form of management remains unresolved. Excessive centralism exists and enterprises, as basic production units, are insufficiently autonomous. We have still not been able to apply everywhere and on all levels cost accounting and self-support as some of the essential features in the organization of national economic management. In frequent cases departmental interests prevail over the national interests.

The forms of public ownership and management, and the lagging of distribution and commodity-monetary relations, which do not adequately stimulate the development of scientific and technical progress, are among the principal manifestations of the contradiction between the nature and level of production forces and the level of development of production relations achieved.

All of this indicates that the objective need has appeared for a more dynamic change in the entire system of socialist production relations.

### III. Problems of Development of Production Relations in Our Country

The scientific concept formulated by Comrade T. Zhivkov as the state as the owner and the labor collective as the manager of public productive capital is the theoretical foundation for resolving the crucial problems of our socio-economic development. This concept does not pertain exclusively to the forms and means of economic management but covers all aspects of public ownership under socialism: its nature, ways and means of appropriation, handling productive capital, ownership, management and forms of development. I consider this concept to be a new, original and creative development of the specific mechanism of manifestation of the basic production relation under socialism: the relation between the actual owner and the immediate producers. According to Marx, it is precisely on this production relation that "the entire structure of the economic system is based, growing on the basis of production relations themselves, as well as its specific political structure. The attitude of those who control production conditions toward the direct producers is a relationship each specific form of which is always and naturally consistent with a certain stage in the development of the labor method and, therefore, the public productive force of labor. It is always in this relation that we unravel the most profound secret, the secret foundation of the entire social system...."<sup>10</sup>

The major theoretical and methodological task facing socialist political economy in our country is to bring to light extensively and comprehensively the specific historical mechanism of manifestation of this basic production

relation between the owner and the direct producer, on the basis of Marxist-Leninist economic theory and Comrade T. Zhivkov's stipulation of the owner and the manager. This requires the theoretical solution of some basic and relevant problems. First, which are the state authorities which specifically embody, as economic entities, the functions of supreme owner; what place do they hold in the reproduction process, what are their immediate economic interests and what are the means for closely merging such interests with those of the supreme owner--society. Second, which are the economic means and levers with which the supreme owner--society--will control and guide the activities of such personified owners, in such a way as to develop public productive capital and increase the public product in accordance with the interests of the entire society. Third, who is the true owner of public productive capital in our country; what are his economic functions and economic interests on the basis of which each labor collective will essentially become the true owner? As to the rights and obligations of the manager under socialism, we consider this to be a legal problem which can be resolved best only if we clarify accurately and scientifically the nature of economic relations between him and the owner. Fourth, what are the real, the specific economic relations between the personified owner--the economic management--and the labor collectives in the immediate reproduction process; where, in what economic unit, are such relations developed and what is the nature of contradictions between the actual owner and the immediate producers under socialism, and what are the ways and means for surmounting existing contradictions.

Major differences on such problems exist among individual authors in our economic publications. In his final seventh lecture to the students and teachers at the AONSU, Comrade T. Zhivkov provided a theoretically substantiated answer to most of these questions. He emphasized, first of all, that "the distinction we make between the state as the owner and the labor collective as the manager should not be absolutized. In our socialist state owner and manager are in a state of dialectical unity."<sup>11</sup> This theoretical stipulation is of exceptional importance in the development of the entire system of production relations in our country. First, under socialism society is the supreme owner. Second, the state is only the representative rather than the supreme owner. Third, the state guides the development of public productive capital through the entire system of state authorities, including the economic managements of primary economic units. Consequently, it performs the functions of both owner and manager. Fourth, the labor collective is not only the manager but also the owner, being part of the entire society. As part of society, the labor collective also acquires its respective economic share of the public property not only through its wages but through social consumption funds. In other words, it uses not only the necessary but also part of the added product.

The second very important theoretical concept clarified by Comrade Todor Zhivkov is that of the actual manager under socialism. He says that "frequently the enterprise is named as the manager of socialist property. In this manner the enterprise is identified with the labor collective.... The enterprise is a structural part of the organizational production structure of the national economy. However, the enterprise is not the manager of socialist property, for that property is state or cooperative property."<sup>12</sup>

The third important feature to which Comrade T. Zhivkov pays particular attention and which is of very great importance in managing the national economy is that of relations between the labor collective and the economic management. The economic manager is "above all the representative of the state. He must defend the interests of the public and implement state policy."<sup>13</sup> Consequently, it is precisely the economic manager who is the economic figure under socialism acting as the specific agent in the direct reproduction process. The others are the worker and the labor collective. The two agents have different interests: the first defends the interests of the supreme owner while the other defends his own interests. It is precisely within the enterprise and between these two agents that the economic relations under which the economic merger of the producer with the public productive capital takes place. The clarification of the essence of this relationship is the cornerstone of our entire economic theory of the building of socialism. The development of this basic production relations on a higher level will have a tremendous impact on the entire system of economic relations in our country, in the areas of distribution and commodity-monetary relations above all.

Socialist production relations are a relatively autonomous interrelated system of elements representing a single entity. According to Marx "their integrity lies precisely in the fact that it subordinates to itself all social elements or else creates them.... In this manner, in the course of its historical development, the system becomes an entity."<sup>14</sup> Engels also considered the world "as a single system, i.e., as an entity."<sup>15</sup> On the subject of Plekhanov's second program, Lenin points out that "adding the word 'system' and other similar 'relations' does not indicate anything complete and integral."<sup>16</sup> On the subject of Marx's methodology he writes that "Marx put an end to the view that society is a mechanical aggregate of individuals... and established the concept of socioeconomic system as the sum total of specific production relations."<sup>17</sup>

Quite frequently we try to clarify some elements of socialist production relations (commodity-monetary relations, for instance) by themselves, without considering the entire structure in its organic entity. There is no unity in the views of our economists on the structure-determining relation--the public ownership of productive capital. The concept that public ownership is the sum of production relations and that ownership of productive capital is the main production relation is still considered debatable and objected to by many authors. In this case, the logical question is the following: which is the main link in the system of production relations, which provides a universal connection and ensures structural unity and organic integrity? We see no contradiction whatsoever between the concept that public ownership is the sum of production (economic) relations, i.e., that it is achieved through the entire system of production relations, rather than exclusively through the acquisition of productive capital, and the concept that it is the basic and initial production relation. The acceptance of such a basic methodological concept essentially means a consideration of the nature and development of individual elements within the structure of production relations within a single entity, objectively determined by the nature and changes in public ownership of productive capital. This does not mean in the least that the

individual elements of the system have no relative autonomy in their development and that they simply "dissolve" within the entity.

All of this means that the development of distribution and commodity-monetary relations is predetermined by the basic production relation which binds the system of production relations within an organic entity. This definition, however, is not automatic and does not eliminate the specific nature of the problems which society must resolve in the development of distribution and commodity-monetary relations. I mention here merely the organic tie which, however, does not reflect the entire variety existing in the development of such relations.

The topical problems of development of distribution and commodity-monetary relations have been theoretically clarified in a number of party documents and, particularly, in Comrade T. Zhivkov's work "Problems and Approaches in Building Mature Socialism in the Bulgarian People's Republic," for which reason no further discussion of this topic is necessary.

#### IV. On Sources of Our Socioeconomic Development

The development of socialist production relations in our country is most closely related to the realization of the various types of economic interests and the surmounting of objectively arising economic contradictions. The economic interests and contradictions inherent in all socioeconomic systems have always been the main source of its development and the main motive force of social progress. In his remarkable speech to the students on 7 December 1982, Comrade T. Zhivkov said: "Our party's Central Committee has always ascribed great importance to contradictions in our country. It has always tried to identify them, to study them promptly and to formulate comprehensive measures for their systematic elimination. We are guided by the understanding that this is an essential prerequisite in properly defining and implementing the party's general line, strategy and tactics."<sup>18</sup>

The profound study of all types of economic interests and arising economic contradictions at each stage in our social development is a necessary theoretical postulate for the scientific management of the socialist economy and the accelerated development of a mature socialist society in our country. The difficulties and obstacles which objectively slow down the pace of economic growth can be eliminated only on the basis of a profound study of the specific manifestations of economic interests and economic contradictions.

Economic interests and economic contradictions are organically related and a manifestation of the nature of socialist production relations. The systematic realization of all types of economic interests and the prompt elimination of arising economic contradictions are among the basic trends in improving socialist production relations. The problem of the nature and means of realizing economic interests and resolving economic contradictions becomes even more important now that at its 12th Congress the BCP adopted the comprehensive intensification of the entire national economy as the general line of the country's socioeconomic development.

Different views have been expressed in various publications on the nature and forms of manifestation (types) of economic interests. In our view, economic interest is not a form, is not an element of production relations but a production relation which is manifested in connection with the satisfaction of a given social need during a specific period of time, personified in a specific social subject (individual, group, class, society). It is precisely for this reason that economic interests are objective. Socioclass interests are the main interests in any class-oriented society. This applies to socialist society as well. Under socialism as well the concept developed by Marx and Engels in "The Holy Family," one of their first works, to the effect that "interest is what binds together the members of a civilian society"<sup>19</sup> applies. It is precisely in the nature of such binding among the members of society that the characteristic features of economic interests and economic contradictions under socialism are expressed. Economic contradictions are expressed in the realization of economic interests. In order to realize their economic interests, the people must engage in specific production ties and relations among themselves. Within such economic ties and relations the representatives of various interests operate as different and separate parties, as opposites. It is precisely the separate nature of interests which determines economic contradictions. All interests are satisfied through the struggle between these opposites. This struggle of opposites is basic, lasting and essential. It is only through the struggle of opposites that unity in interests can be established, which would be relative and short under socialism as well. Marx writes that "the existence of two mutually contradictory sides and their struggle and merger into a new category is the essence of dialectical motion."<sup>20</sup>

Today the theoretical clarification of the nature and forms of manifestation of the basic contradiction under socialism, which is a binding link within the entire system of economic contradictions, assumes topical significance.

Naturally, the scientific interpretation of the basic contradiction is of very great importance in terms of Marxist-Leninist theory and the practice of building socialism. It turns out, however, that this scientific task is exceptionally difficult to resolve. It can be said that there have been as many theses on the subject as there have been authors dealing with the study of this important problem. Nevertheless, regardless of the different formulations, the main differences may be reduced to no more than a few. "The main contradiction of the communist system is the contradiction between the aspiration toward increased well-being and the all-round development of the individual and the possibilities of the production process, science and technology of ensuring this aim."<sup>21</sup> Variants of this thesis formulated by Professor L. I. Abalkin have been supported by other Soviet and Bulgarian authors as well.

A number of authors have formulated the concept that the basic contradiction is the one between the level of development of production forces reached and socialist production relations. Other authors consider the main contradiction to be between the equality of all working people in terms of productive capital and the inequality in terms of the distribution of consumer goods.

In my view, each of these concepts on the basic contradiction under socialism has serious scientific grounds, for it rests on some of the basic structural elements of this contradiction.

The contradiction between the steadily growing needs of the people and the possibilities determined by the level of the production process for their fuller satisfaction may have been formulated differently. However, it is the same in its essence. It is one of the most essential features of the basic contradiction under socialism. However, the contradiction between production and the growing needs of society and its members is not a specific feature of socialism alone. It has always been the main motive force of overall social progress under all socioeconomic systems.

The contradiction between production forces and production relations is also the nucleus of the basic contradiction in any social system. Consequently, it too is not peculiar to socialism alone. What is characteristic of socialism alone in such formulations is the contradiction between equality in terms of productive capital and inequality in terms of distribution of consumer goods. It is precisely this contradiction which reveals the most typical features of socialist production relations. I believe, however, that the formulations provided in literature of this basic contradiction are inaccurate. I would define it as follows: The main contradiction of socialism is the contradiction between the social nature of productive capital, which is national property, and the different levels of satisfaction of the material and spiritual needs of the individual members of the socialist society, labor collectives, social groups and categories, or the result of differences in the distribution of consumer goods. It is precisely this contradiction which, under socialism, reveals most completely the nature and level of production forces; it is most directly related to the basic production relation and the basic economic law; it shows the means and level of satisfaction of needs; it is most directly related to all other contradictions, for it represents the fullest possible reflection of the nature of the entire system of socialist production relations.

The identification of the interconnection among the different structures of the economic system is of exceptional importance for the accelerated development of our socialist society. It is complex and comprehensive. In its most general abstract-theoretical level, this interconnection may be expressed as a specific diagram. The development of production forces is of determining importance in the development of the public ownership of productive capital. In this case particular significance must be ascribed to the social division of labor, in which we see the binding link between the development of production forces and public ownership as a totality of production relations.

Each new type of production relations triggers new economic interests or, which is one and the same, the economic relations of any society are manifested above all as interests. The realization of the economic interests and surmounting the contradictions developing within them lead to the advancement of production relations and to a new development of production forces.

The theoretical interpretation of these and many other topical problems of socialist political economy will be the more important in terms of social practice the more directly they are related to the key problems of our development: the quality, intensification and efficiency of public production. The resolutions of the 12th BCP Congress on the comprehensive intensification of the national economy and of the National Party Conference on upgrading quality everywhere and in everything, and the party stipulations on enhancing the level of public production efficiency should assume a central role in our economic theory.

These are problems of strategic importance to our socioeconomic development covering a significantly longer period of time. Their solution will mark a higher stage in the socioeconomic development of the Bulgarian People's Republic and will bring us closer to the mature socialist society. In terms of historical significance they may be equated to the importance of socialist industrialization and agricultural collectivization.

These key problems in building a mature socialist society are most directly related to the development of production forces and the improvement of all elements of socialist production relations. They concentrate within them all social and economic contradictions of our society. Socialist political economy must determine their link with economic relations and economic interests and indicate the basic sources of economic growth with an intensive economic development and scientifically clarify the ways leading to their accelerated resolution.

The intensification of scientific research on the effect, manifestations and forms of utilization of economic laws is of exceptional importance to us today. This is because upgrading quality and efficiency and a conversion to an essentially intensive type of development of the entire national economy are quite complex and contradictory socioeconomic processes based on the effect of economic laws.

In discussing the new features which the party introduces in the approach to upgrading quality, in his introductory speech at the National Party Conference, Comrade T. Zhivkov emphasized that "what is new and essential is the following: High quality--in everything and everywhere--can be achieved only when problems of quality are formulated and resolved in accordance with the effect of the objective laws of building developed socialism."<sup>22</sup> This stipulation is of essential importance to economic theory, which must scientifically substantiate the organic interconnection between the effect, manifestation and utilization of individual economic laws and various types of economic interests and economic processes aimed at upgrading quality everywhere and in everything. For example, one such very essential problem is that of creating a scientifically substantiated system of material and moral incentives for the various social groups and categories of working people. The practical solution of this problem is related above all to the detailed knowledge of economic interests of people in the reproduction process and the elimination of existing contradictions between monetary-commodity and natural-physical forms of the public product. Another very important problem which must be resolved is that of the correlation between the quantitative and qualitative

indicators in the work of individual producers, the activities of all units at all levels, etc.

The full application of the economic approach and the improvement of its mechanism are of determining significance in resolving the central problems of our socioeconomic development.

Socialist political economy must provide a theoretical foundation for the solution of problems of improving the economic mechanism, which are so relevant today in our country, such as surmounting the two extreme trends in economic management--excessive centralism and excessive autonomy of socialist enterprises and economic organizations; formulating creative counterplans; ensuring the fullest possible utilization of commodity-monetary categories and of the law of value; systematically applying cost accounting and self-support in all units and on all levels of the national economy; improving the organization of wages essentially through a more extensive differentiation and seeking and finding scientific measurements of quantity, quality and results of all socially useful types of work; improving economic management through the increased development of production democracy and training capable, knowledgeable and able economic managers and mastering new organizational management methods; improving the socialist organization of labor, the brigade organization in particular. Our social practice awaits the creative help of socialist political economy in resolving all such relevant problems.

The profound theoretical study and clarification of the crucial problems of our development will enable us better to surmount scholastic considerations of economic development or the belittling of economic theory to the level of gross practicalism and basic description of facts, reaching broad conclusions and summations. Above all, it will firmly link political economic studies with practical work, thus intensifying the positive influence of the science of economics on the country's socioeconomic development.

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Professor Dr of Economic Sciences Nikola Popov: Methodological Problems of Socialist Political Economy

Like any other science, socialist political economy uses dialectical materialism as its methodology. Based on the laws of dialectics, political economy proves the objective, the dialectical nature of production relations. Since such relations are the foundation of the entire system of social relations, the knowledge provided by political economy is of fundamental and, in turn, of methodological significance for all the social sciences and, above all, for the sciences which study the various aspects of the functioning of production relations.

The knowledge provided by political economy is particularly important under socialism. It is on the basis of the knowledge provided by this science that the economic policy of the socialist state and the other individual economic sciences can be accurately guided in the study of the various processes in the respective areas of economic activities.

The methodological aspect of the knowledge provided by socialist political economy may perform its role only if it takes most strictly into consideration the specific conditions under which it is manifested under socialism. It is actually a question of the specific nature of production relations, without which their function of booster in the development of production forces during the first stage of the communist production method could not be successfully performed. At the same time, it is quite important in this respect to avoid any separation of the methodological aspect in the political economy as a science which deals generally "with the laws governing the production and exchange of material goods within human society."<sup>23</sup> Inasmuch as socialist political economy arms the people with the knowledge of economic laws, as a result of whose activities the socialist society develops, the main roads followed in the progress of society in its further socialist development become entirely understandable. It is thus that knowledge provided by socialist political economy greatly contributes to energizing the struggle against bourgeois ideology. Consequently, socialist political economy plays an exceptionally important role "...in intensifying the aggressiveness and militancy of our ideological work."<sup>24</sup>

#### Characteristics of the Methodology of Socialist Political Economy

In the final account, the meaning of the characteristics of the methodology of socialist political economy is to determine both the basic, the essential difference between socialism and the social systems preceding it and to show differences in production relations during the two phases of the communist production method itself. When we speak of the methodology of socialist political economy, it is actually also a question of concepts which play the role of basic, of initial aspects which ensure the accurate analysis of socialist production relations.\* In other words, in this case as well the base is methodology from which we can determine the laws governing the development of the socialist economy accurately and in depth.

One of the problems of tremendous methodological importance in socialist political economy is the specific factor in the ratio between the objective and the subjective in the functioning of socialist production relations. As we know, public ownership of productive capital determines a qualitatively new role of the subjective factor in economic processes, compared to capitalism. With the direct-social nature of labor, under socialist conditions the conscious activities of the people go beyond the framework of the individual economic unit and apply to the entire national economy. Since this concept indicates in the most synthesized manner the tremendous advantages of socialism over capitalism, we see its exceptionally important methodological significance.

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\* "The acquired knowledge, which becomes the starting point for further research, is manifested as a method" ("Metod Politicheskoy Ekonomii Sotsializma" [The Method of Socialist Political Economy]. Moscow, 1980, p 9). According to this work, the added value "plays the role of a methodological key, a means of studying all other relations under capitalism" (ibid.).

Unquestionably, under socialism as well the activities of the subjective factor in economic activities is determined. Unlike capitalism, this determination, however, is not fatal. Given the absence of hindrances of a socioclass nature, under socialism the subjective factor has the complete opportunity not only to determine but to master the effect of objective economic laws. Therefore, the limitations of the subjective factor in managing public productive capital are the lesser the more fully the economic laws are studied and utilized, something for which socialism offers all the necessary prerequisites. The important methodological concept here is that the subjective factor can achieve greater results in economic activities if it takes more fully into consideration the existing objective conditions under which such activities take place.

The problem of the existing danger of the manifestation of subjectivism in economic activities is of equal methodological importance in socialist political economy. Taking this situation into consideration, the subjective factor will be forced to seek means to surmount this threat, for which the socialist economic system offers adequate opportunities. The socialist society has the necessary efficient means of struggle against a cause of subjectivism such as, for example, bureaucratism, as well as against subjectivism which is triggered by the impossibility of knowledge itself to cover objective reality entirely at any given moment. As practical experience indicates, the solution of this problem is entirely attainable if society were to apply proper economic planning and management. More specifically, it is a question of maintaining an optimal ratio between centralism and decentralization in economic management, with a view to achieving the highest possible results by the subjective factor, taking objective factors into consideration, i.e., in economic activities carried out by the subjective factor.\*

On the other hand, the circumstance that during the first phase of the communist system the property of the whole nation assumes the form of a state is of essential methodological significance in socialist political economy. This is inevitable during this phase, above all because in any other form its leading role in the system of production relations would have been impossible. This means that the functions of the subjective factor in economic development are performed by the socialist state in the name of society and for the good of the entire people. For the first time the state begins to perform an economic role in which it is manifested as the direct subject of ownership, such as ownership by the whole people. In this role, the socialist state actually becomes a center in the hierarchical national economic system without whose coordinating activities it could not function efficiently.

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\* V. Radchenko accurately indicates that "the connection between the objective and the subjective in human economic activities is manifested in economic solutions. The extent to which the subjective factor is consistent with the objective factor in one decision or another greatly depends on the efficiency of the entire process of making conscious use of economic laws" ("On the Use of the Economic Laws of Socialism," in the periodical VOPROSY EKONOMIKI, No 4, 1984, p 25).

This essential feature in the implementation of the conscious activities of society in the development of economic relations during the first phase of the communist system does not violate in the least its position as the single subject of such activities. It is true that the existence of the state in this case leads to a certain indirect manifestation of society as the single owner of productive capital and, hence, its management. However, since the state is socialist, i.e., it expresses and defends the interest of the entire nation, in this case this indirect activity is merely an aspect in the organization of economic management activities performed by society.

Unquestionably, the further development of production forces and the advancement of production relations will presume not the weakening but the strengthening of the functions of the state in its role as a subjective factor in economic management. The use of such dialectics of socioeconomic development is a prerequisite for eliminating the need for the use of the state form of ownership by the whole nation. This process, the active development of which will take place during the transition to the higher phase of communism, is essentially proof of the incomparably higher level above all of production forces and production relations compared to the first phase.

In considering the dialectics of the withering away of the economic functions of the socialist state, we must expressly emphasize its particular importance. In no case could it be violated under any pretext such as, for example, the fact that the state form conceals the danger of bureaucratism and, on this basis, the development of subjectivism in economic management. It would be a grave error to confuse the need of the state under socialism with the eventual bureaucratism which it triggers and which is by far not inevitable as a phenomenon. On the contrary, the socialist society can successfully struggle against this phenomenon.

Generally speaking, we can see the exceptionally important role which the socialist state plays in the study of the characteristics of socialist production relations. However significant the economic role of the socialist state may be, however, it does not lose in the least its superstructural nature. Therefore, however essential the importance of the state as a political superstructure may be in terms of the functioning of socialist production relations, the study of its functions is not a manifestation of any broadening of the subject of socialist political economy. Furthermore, the circumstance that the socialist state performs the role of subjective factor does not mean in the least that the role of the subjective as compared to the objective factor should be exaggerated. Consequently, although the subjective factor plays a great role under socialism, we must emphasize that this is due precisely to the possibilities contained in this social system for taking into consideration (studying and mastering) the objective factor.

The properly organized activities of the subjective factor, with the use of proper methods, has its purpose, mainly with a view to taking into consideration the contradictions by virtue of which the development of the socialist economy as well takes place. The feature through which the contradictions within the socialist economy are manifested demands that this problem, which is basic in socialist political economy, be a subject of particular attention.

As we know, unlike the conditions governing the class antagonisms under capitalism, the economic processes under socialism take place in a state of organic unity. The combination of manpower with productive means, the tie established between production and consumption, the marketing of commodity stocks, etc., are processes in which we see two aspects which, under public ownership, are essentially in a state of unity. (Unquestionably, this unity of economic processes includes something else which is another tremendous advantage of socialism.) This creates the external appearance that the implementation of processes in the socialist economy appears not to be related to surmounting contradictions.

This concept may become the gnosiological foundation for allowing the subjective factor, particularly in practical activities, of allowing a type of behavior which most frequently entirely ignores the fact that under socialism as well the unity of economic process is contradictory. Practical experience proves that here as well the development of such processes is the result of resolving contradictions among specific material interests. It is precisely thus that such interests are combined, and thus express socialist production relations themselves. That is why the solution of contradictions among the various material interests within society, with a view to their combination, as a means of the implementation of socialist production relations, is a fundamental methodological problem in socialist political economy as well.

Whereas in theory, in its philosophical-methodological aspect above all, the question of the contradictory unity of processes in the socialist economy is unquestionable,\* in economic management itself this problem is not always accurately solved. The conflict of interests and the contradiction between them are not always given a proper area of manifestation and resolution in favor of the socialist development of the economy. It is largely in this sense, for example, that we could assess the activities of the subjective factor in the establishment of economic relations between industry and agriculture and between town and country. In this case, as we know, our party supports the extensive use of the contractual system between purchasing organizations and agricultural producers. As a manifestation of the pitting of interests of participating parties rather than one-sided mandatory sales

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\* According to some authors, the question of contradictions in the socialist economy is not properly interpreted theoretically as well. S. Dzarosov points out that "there has always been a question of a struggle in economics between the new, which is asserting itself, and the old, which must be removed." However, the same author points out, the contradiction between the old and the new is of the self-negation type. He emphasizes that the Marxist-Leninist classics substantiated "the view that contradictions include not only mutual negation but interdependence as well" ("Political Economy and Economic Practice," in *EKONOMICHESKIYE NAUKI*, No 10, 1983, p 7). Under socialism, this kind of conflicting phenomena which, however, are in a state of unity, are the state and cooperative ownership, the plan and the market, etc. Frequently, however, in theoretical analyses we are asked to consider them in such a way as not to stress contradictions between them or to pit some against others.

of agricultural commodities, under the conditions of building a mature socialist society the contract may be the fundamental feature in regulating economic interrelationships between town and country. It is in the same sense, looked through the lens of the contradiction among interests, that we should also interpret and resolve problems such as the means of linking manpower with productive capital, balancing the population's available purchasing power and the existing amount of commodities, the distribution of the national income, the shaping of wages, etc.

We should also indicate in particular the great harm caused the socialist economy as a result of ignoring and sometimes exaggerating the conditions under which contradictions in interests are manifested. The methodological significance of this problem becomes even greater because it determines to the greatest extent the need to use an economic approach in economic management, which is of such great necessity for a socialist society. Bureaucratic administration in this area, through which the existence of contradictory interests cannot always be taken into consideration, is very frequently the reason for failure to reach the desired high results in the functioning of the economy. We know that ignoring contradictions in interest does not mean in the least that they somehow manage to disappear. Conversely, the harm caused the national economy will become greater for the contradictions do not disappear and, by remaining unresolved, assume a hindering influence on many other processes, as a result of which the development of even the entire socialist system of socioeconomic processes may be slowed down.

Consequently, the question of the particular aspect of the contradiction in economic processes under socialism, i.e., the fact that they take place virtually unnoticed, should be given first priority in socialist political economy. A special study must be made of economic processes, for under socialism they develop in a state of unity although they are profoundly conflicting. The full exposure of this feature of the basic methodological problem in socialist political economy of contradictions within the socialist economy may be used in such a way as to enhance its advantages and achieve a maximal acceleration of economic development.

A more specific study of the task of exposing and resolving contradictions in economic processes in socialist political economy and the accurate determination of the basic contradiction would be of most essential methodological significance. The methodologically accurate stipulation is that this contradiction is directly related to ownership relations, naturally taking into consideration the nature of production forces as well. It would be erroneous to consider from this viewpoint that the basic economic contradiction under socialism, particularly in the higher phase of communism, should be sought in processes which, in the final account, stem from production relations (ownership relations) without, however, directly reflecting their condition such as, for example, the contradiction between production and consumption. Both the basic production relation and the basic economic contradiction should be directly related to the nature and means of production.\*

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\* As a basic impetus of public production dynamics, this contradiction (the basic economic contradiction--the author) expresses not individual features of the basic production relation but its entirety" ("Some Considerations on the Discussion," EKONOMICHSKIYE NAUKI, No 2, 1984, p 10).

The special feature in the methodology of socialist political economy also stems from the means of manifestation of production relations during the first phase of the communist social system. The common feature which makes them communist is manifested during the first phase in a specific manner. In other words, during that phase we see a particular dialectics of unity between the specific and the general in production relations, the determination of which is equally of exceptional methodological importance in socialist political economy. The underestimating of such dialectics, i.e., ascribing greater importance to the general at the expense of the specific or vice versa, would disorient the subjective factor in properly guiding the development of the socialist economy.

Practical experience itself indicates the importance of the concrete factor in achieving public ownership of productive capital during the first phase of communism and the planned nature of economic development, which is a direct manifestation of the social nature of labor and equality among the members of society in the distribution of consumer goods against a background of equality in terms of productive capital. Finally, the way in which the basic economic law--the law of the dynamics of the system--expressed in the increasingly better satisfaction of the needs of the person, with a view to his economic development--operates under the specific conditions of the first phase of the communist production method is quite important. These concepts common to the communist socioeconomic system are precisely those which constitute the nature of socialist production relations and provide the essential characteristics of socialism as its first and lower phase.

In particular, it is the separate factor which is the most specific feature in what is common to production relations during the first phase of communism. During the first phase of the relatively low development of production forces, labor is not a necessity for the human organism, as it will be during the higher phase, but a means of survival (in the sense of being a consumption yardstick). Hence the personal material interest in labor and the basic contradictions between private and social interests and, on this basis, the principle of distribution according to labor and the commodity-monetary form of economic relations. Actually, it is a question of the form of implementation of production relations typical under the conditions of the first phase of communism. A comparison between these specific forms of socialist production relations and their respective aspects common to the communist system, which express their nature, clearly reveals the great difficulty in socialist political economy of providing accurate answers to the nature of phenomena in economic practice and, particularly, in applying a proper approach to them with a view to their interpretation and changes in the required rational direction.

It is unnecessary to prove the distinction between the equality among members of society, based on the public ownership of productive capital, and equality achieved through distribution according to labor. The same applies to planning--a typical essential feature of socialist production relations--which should take place under the conditions of commodity-monetary relations and the existence of a market. Although subordinate to the plan and although its parties are socialist producers, essentially this market is opposed to planning as a method for regulating economic proportions. Therefore, despite the

existence of unity between form and content in socialist economic processes, in which all antagonism has been eliminated, its implementation presumes the elimination of significant differences between them.

It is clear that the characteristics of the methodology of socialist political economy become even more obvious when we consider the nature of the unity between the specific and the common and between the form and content of socialist production relations. By adopting accurate methodological positions in this case as well, i.e., from the viewpoint of the correlation between the general and the specific in socialist production relations, socialist political economy will substantially upgrade its standing as a science. With the help of the accurate methodological concepts relative to economic phenomena, which have been formulated, it will efficiently serve practical activities in terms of improving the system of economic management and, particularly, the economic mechanism applied to it, as well as in terms of its ideological function.

That is why, in the cognitive process relative to problems of socialist political economy, we begin with the general, with the most profound nature of production relations. It is thus that we actually lay the necessary methodological foundation which enables successfully and accurately to determine the specific features of production relations under consideration. In defining the nature of production under socialism as well, it would be methodologically erroneous to emphasize the specific feature of production relations. This would shed a wrong light on the very nature of the system of socialist production relations and lead its future development the wrong way.

The identifying of the characteristics of the methodology of socialist political economy also requires the application of a proper approach, a method sustained from the viewpoint of the dialectics of the practice studied. Unquestionably, this applies exclusively to the approach reduced to a unified scientific analysis of the common and logical features, on the one hand, and the specific, the concretely historical, on the other. In basing their analysis on this approach, the Marxist-Leninist classics were able to develop political economy as a streamlined science. This means that if socialist political economy is not based on this approach, its further development would be questioned, for above all the characteristics of its methodology would not be revealed adequately. In more specific terms, the consideration of the economic laws operating under socialism should be refracted through the lens of the common, logical and deeply essential aspects of production relations in order to reach the specific features of their manifestation under the conditions of the first phase of the communist production method.

Naturally, the method of unity between the common logical and the specifically historical features in the study of economic reality does not exclude the use of other methods of study. Statistical and mathematical methods and experimentation will be used increasingly extensively under socialism for study purposes. It is through these methods that socialist political economy will unquestionably enhance its scientific role even further. We must especially emphasize, however, that the application of these methods could be quite effective only if it is most closely related to the abstract logical

approach, for without it the proper methodological foundation on which to build a specific experiment or statistical-mathematical methods would be impossible.

#### The Growing Methodological Significance of Socialist Political Economy

If we assume that the importance of socialist political economy is reduced above all to the methodological substantiation of the activities of the subjective factor, the conclusion must be that with the development of the socialist economy the role of this science will be increasingly steadily. As requirements relative to the production of material goods and, generally speaking, economic activities, continue to increase, the activities of the subjective factor, particularly those related to economic management, will become increasingly complex. As we improve economic management and, particularly, the economic mechanism we apply, we must take increasingly into consideration the growing requirements relative to the production process, which also stem from the intensified participation of the socialist countries in the international division of labor. In turn, such increasing production requirements presume the prompt application of the achievements of technical progress and setting the entire economy on the basis of intensive factors of economic growth.

With such increasingly more complex prerequisites for economic development, it is entirely clear that the steps taken and decisions made on improving practical activities could be adequately accurate if they are most closely based on economic theory. Priority in this respect is given to the growing significance of socialist political economy, precisely to the extent to which, by ensuring the acquisition of methodological knowledge, it could protect economic management from substantial blunders and errors. Since the knowledge provided by political economy applies to the system of socialist production relations, which is the economic foundation of the remaining social relations, such knowledge is the methodological foundation for accurately resolving arising economic problems.

At this point we must emphasize more emphatically that the great and growing importance of socialist political economy resides more specifically in the fact that it is on its basis that decisions made in improving economic management may obtain the necessary comprehensive substantiation. More specifically, this means that the state should not take isolated and partial steps in the belief that they fully meet the current requirement of a more integral improvement of practical activities. Naturally, it is exceptionally difficult to evaluate the extent to which within a given time period the need for some kind of more essential change in the economic management system exists, the more so since during the various periods of economic development the need to improve individual aspects of the economic mechanism cannot always be the same. Nevertheless, despite such difficulties, the subjective factor should make the necessary efforts to determine the need for periodically required overall and comprehensive changes in the economic management system in a specific direction. In present practical activities as well the emphasis in improving the economic mechanism usually falls on distribution relations or, more specifically, on material incentive means. It is true that relations

directly linked to material incentive are given priority in energizing human labor activities. However, since distribution remains the result of production, which has priority within the entire social reproduction process, the changes which are made exclusively or mainly in the area of distribution relations cannot, all other conditions being equal, ensure the expected results of a certain more complete advancement of economic activities and decisively upgrade their effectiveness.

Many efforts were made after the 1978 National Party Conference to change planning technology as well. The purpose along this line as well which, incidentally, is decisive, is to create conditions for improving activities particularly in the primary units and drastically improving the work of labor collectives as managers of productive capital. In fact, however, the new planning technology, the main prerequisite for an economic approach and, hence, for improving the economic mechanism, is not being fully implemented. Frequently, under the pretext of more efficiently coordinating within the unified national economic balance individual areas of economic activities, the economic organizations are actually burdened with a large number of mandatory indicators. The consequence of this is that cost accounting, on the basis of which they should operate in accordance with the stipulations of the economic approach, largely remains a formality. Consequently, the necessary changes based on the economic approach are still not taking place in planning technology.

The importance of socialist political economy as a methodology is manifested not only in substantiating the comprehensive nature of the economic management system; the economic approach and its mechanism. The methodological nature of this science enables us to substantiate on a theoretically accurate basis each individual element within the economic management system (the economic mechanism). This aspect is also of exceptional importance, for the proper substantiation and, therefore, the utilization of the effect of each individual economic lever, is a prerequisite for the efficient operation of the entire system as well.

The ripening of socialist production relations creates conditions which, in turn, create the need to increase the requirements facing socialist political economy considered, once again, essentially as a methodology. Bearing in mind the exceptionally dynamic nature of economic processes and the need for decisively upgrading economic efficiency, errors of a methodological nature in the choice of directions to be followed in resolving the new problems become much greater and the adverse results in economic development worsen. There is a tangible need to use the opportunity offered by socialist political economy of properly and methodologically interpreting problems which are becoming increasingly relevant during these stages, such as the faster upgrading of the cooperative form of ownership to the level of ownership by the whole people, the increasing conversion of agricultural into a variety of industrial labor and the increased elimination of major disparities between town and country and of problems of economic management, with a view decisively to increasing the participation of labor collectives of economic organizations in it and, finally, the forms of manifestation of the basic economic law of socialism and the results achieved through its effect.

At the stage of building a developed socialist society, political economy must resolve the problem of the ways and means needed "for the fullest and most precise observance of the requirements of the laws inherent in a socialist system."<sup>25</sup>

If we consider in particular the question of cooperative ownership, although at the stage of building a developed socialist society it is rapidly approaching the level of ownership by the whole people, its role within the system of economic relations remains significant. This applies essentially to agricultural and mainly in cases of still strongly manifested features characteristic of economic activities in this sector. In this respect as well socialist political economy brings to light possibilities of properly assessing the process of outliving cooperative ownership. Based on the knowledge supplied by political economy, it would be a severe methodological error to scorn this form of ownership while the conditions which determine it remain. This also applies to the use of commodity-monetary relations in the stage of building a mature socialist society. Since the conditions which determine this form of economic relations remain, it would be a profound error from the methodological viewpoint to neglect it and remove it from economic life prematurely.

Unquestionably, along with the comprehensive development of the person as an individual, his consciousness is enhanced with the fast development of the material and technical foundations of the developed socialist society and the further ripening of socialist production relations. Under these new circumstances the concept may appear that the role of political economy as a methodology serving the process of shaping a proper ideology and a progressive outlook among people is weakening. However, such a concept of the weakened importance of political economy in this respect, under socialism in particular, would be extremely erroneous and misinterpreted. Since the methodological significance of socialist political economy in the proper solution of problems pertaining to economic management does not decline but, conversely, is intensified even further, this fact occurs by virtue of the implementation of its ideological function as well. The development of a correct outlook in the people is influenced with the proper solution of problems relative to the acceleration of economic processes and, particularly, the accurate characterization of stages in social development, considered through the lens of political economy. This affects one of the main prerequisites for the activeness of the toiling masses in terms of the further development of the socialist society.

It is quite understandable, however, that in order to be able to meet growing requirements in its role as a methodology, socialist political economy itself must operate on the necessary high level as a science. The point is, however, that for a number of reasons it has failed to reach this level. Thus, for example, we cannot ignore the fact that despite the substantially rich experience acquired so far in the development of the socialist society, from the historical viewpoint its limited nature is extremely clear in terms of providing an opportunity for even greater and more profound summations in economic theory. The view that socialist political economy has still not provided a sufficiently full characterization of the development of the socialist society is not accidental. The June 1983 CPSU Central Committee Plenum noted

that "...to this day we have not studied to the necessary extent the society in which we live and work. We have not fully determined its specific laws, its economic laws in particular."<sup>26</sup>

Another major hindrance in this case is the fact that economic practice in a number of socialist countries remains on a relatively low level. Economic reality in the more developed socialist countries is frequently accompanied with great difficulties, due not only to the insufficient development of the economy they inherited from capitalism but also the sharp class struggle imposed by capitalist encirclement, which absorbs huge material funds. Furthermore, under such circumstances the subjective factor is forced to undertake the type of activities which do not contribute to enhancing the prestige and development of socialist political economy.

Nor should we ignore the fact that the development of socialist political economy is still greatly hindered by an objective obstacle in its development as a science. Because of the emphatically political nature of the knowledge provided by this science, it is not always possible to make it available to the broader public so that it could be practically tested. At the same time, some researchers as well lack the necessary scientific daring in drawing theoretical conclusions. That is why, by remaining insufficiently perfected with the help of political economy, in a number of respects practical work is left to develop on an empirical basis.

Given this situation, it is justifiable to expect a certain underestimating of socialist political economy in its methodological role. It is only when practical results turn out to be quite negative, as revealed by some unsubstantiated decisions, the absence of socialist political economy in the substantiation of such decisions may be felt more tangibly. Furthermore, the undeveloped and, above all, imperfect practical experience in a number of areas leads to methodologically unsubstantiated conclusions, as a result of which science itself is not always able to indicate a particular development and be of further service to practical work so that the latter may develop in the proper direction. We are faced with a vicious circle which greatly hinders raising the level of socialist political economy to the necessary higher level. This circle, however, can be entirely broken. By guiding social development along the path of socialism, the Marxist-Leninist parties inevitably reach summations which sometimes show the great advance achieved in the development of socialist political economy as well.

Nevertheless, the question of the faster development of socialist political economy, consistent with practical requirements, remains largely unanswered. The timely elimination of its lag remains, in the final account, a major problem. This is not merely a problem of the scientific daring of scientific workers, extensive public exposure and decisive development of scientific criticism but also the method used in the practical utilization of its accomplishments. Whenever it becomes a question of taking steps of radical importance in the development of the economy, the respective scientific potential must be fully used with the help of broad discussions. In such a case, reaching solutions considered most consistent from the viewpoint of the methodology of political economy would indicate the existence of a system

which would ensure improvements in practical work based on the knowledge provided by this science. The absence of such a system in the utilization of science would constitute a severe loss to science itself. In such a case, in addition to everything else, socialist political economy would be deprived of a properly developing practical experience as a material for theoretical interpretation and its further development as a science.

The fact that socialist political economy must eliminate the path of economic development in society's progress toward communism means that the condition of this science must be the target of particular attention by the subjective factor. With full justification the 12th Party Congress also called for "...continuing to pay attention to and show concern for the development of basic scientific research as a theoretical and methodological foundation of scientific services to production and management."<sup>27</sup> In this respect, it is important to take into consideration the special circumstances, unlike the situation in many other sciences, the natural sciences above all, of socialist political economy, in the sense that under socialism as well production relations and the material interests of the people, as its subject, are a daily concern. On this basis illusions may develop that anyone could provide a competent assessment of economic development, thus belittling the role of this science in terms of improving practical work. This will tremendously enhance the importance of the concern shown in enhancing the level of socialist political economy, which will upgrade even further the responsibility of scientists working in this area.

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Professor Dr of Economic Sciences Zhak Aroyo: Theoretical Foundation for the Advancement of National Economic Management

The stipulation that the labor collective is the manager of the nationwide productive capital assigned to the enterprise, formulated by Comrade T. Zhivkov at the 12th Party Congress, is increasingly asserting its great importance in the study of socialist production relations and, above all, in establishing the functions which their subjects perform in the organization and management of public production. It provides the greatest contribution to the clarification of the main reasons of the economic approach in managing the national economy and is the basis for the precise formulation of some of the most essential aspects of socialism in economic management. Following are some methodological problems related to this concept and consequent practical conclusions.

Property of the Whole People Is the Foundation of the Unified National Economic Complex

Marx points out that "the direct attitude of the owners of production conditions toward the direct producers is invariably the attitude which enables us to unravel the most profound secret, the hidden foundation of the entire social system...."<sup>28</sup> Essentially, this represents the ownership relation or a relation based on the nature of the ownership. As we know, under socialism it is the attitude of ownership by the whole nation of productive capital.

The determining place in this form of ownership is based, first of all, on its dominating and, at a certain stage, also comprehensive nature; secondly, by its role of economic foundation of society. To paraphrase Marx, we could say that the most profound secret of the socialist society, the foundation of the socialist social system, is concealed in nationwide ownership.

The most characteristic feature of ownership by the whole people is its total, unconditional and irrevocable ownership by the people. This is a single property which cannot be divided among members of society or social groups. The economic possibility and the right to use it belong exclusively to the people. Any violation of these main features either eliminates or violates its nationwide character. For this reason, the productive capital assigned to the socialist enterprises neither becomes nor should become, whatever the circumstances, the group or private property of labor collectives or their members. This was categorically stressed by Lenin as early as 1920-1921, when the then-notorious antiparty group of anarchosyndicalists suggested that nationalized productive capital be left at the disposal of enterprise work collectives. According to Lenin, this would have meant the total abolishment of the nationwide character of this property and the possibility of managing it on a planned basis. The people alone are and can be the handler of this property.

An essential feature of nationwide property, characteristic of socialism, is its relation to the state which assumes the task of handling this property. It is on this basis that such property becomes the property of the state. This does not change its nationwide nature but determines some specific economic functions which, as Comrade Todor Zhivkov emphasizes, the socialist state performs as the representative of the people.<sup>29</sup>

The main economic task of the state, which synthesizes all other tasks, is to organize the prerequisites for the functioning of the property of the whole people. This means creating conditions for its productive utilization. "The condition of property," Marx points out, "...is realized through production itself."<sup>30</sup> In itself, outside production, it is an inanimate pile of objects. In order to exist truly, such property must be included in the production process and used productively. The people, who are the actual owner of productive capital, cannot accomplish this by themselves, directly. This is accomplished by the state through its machinery.

In this case, the task of the state is not to organize the direct production process by itself. It cannot accomplish this by virtue of the very nature of the process. Public production is a system of hundreds and thousands of individual productions within the framework of separate production units. The only possible functions of the state are to create prerequisites for the productive functioning of productive capital in the individual production units. Consequently, it is an intermediary in the process of public production. It is on this basis that the functioning of the property of the whole people under socialism is indirectly accomplished by the state. As an intermediary link, the state is a system of management organs, each one of which performs specific functions in the organization of public production and national economic management in its entirety. As such, it is an independent

subject of socialist production relations, not separately and alongside the people, but instead of the people, as their representative and executor of the people's will. In practical terms, the state is the subject, the direct carrier of production relations.

It is all of these major characteristics of nationwide property under socialism which determine the basic functions of the state in the organization and management of the national economy. In other words, which is one and the same, they determine the economic functions of the state. Errors allowed in their determination are a methodological base on which errors in national economic management develop, along with the factor which, in some cases, leads to excessive centralism and, in others, excessive decentralization in national economic management. So far, in the majority of cases, the solution of this problem has been empirical and a practical expediency has been sought. The concept of the state as the owner of nationwide productive capital and a link in the functioning of this ownership creates the possibility of interpreting it accurately and scientifically and, hence, drawing the necessary practical conclusions.

The rights which the people grant their state are ownership rights. These, and only these are the rights of the state. More generally, they are reduced to the following: full and unquestioned handling of national productive capital; formulating the objectives of its productive utilization; developing the organizational structure of this process or, which is one and the same, the organizational structure of the national economy; developing the most general ratios for the productive utilization of nationwide property; drafting national economic plans for their implementation and formulating all norms on the basis of which such ownership operates. "As the owner," Comrade T. Zhivkov states, "the state has the right, the obligation and responsibility to develop and multiply socialist property; to direct its immediate utilization in such a way as to guarantee the main balances of the country and the necessary rates of development; to ensure the efficient management of socialist property and thus steadily to enhance the material, spiritual and cultural standards of the working people."<sup>31</sup> The state alone, as the representative of the people, can perform such functions. This is a guarantee that the use of the property of the whole people will benefit the whole people and that in no circumstances would this violate the people's interests.

#### Individual Reproduction Is the Base of Separate Economic Management

One of the basic problems which arise in the use of nationwide property is its management or, more specifically, the question of who has the function of managing the national productive capital: the state, the socialist enterprise or the labor collective. The proper solution of this problem determines the practical tasks of the state, the enterprise and its labor collective in the use of the property. The accurate answer to this question requires the accurate definition, first of all, of the concept of managing and its scope; secondly, the nature, functions and role of the enterprise and the labor collective within the system of socialist production relations.

We know that by virtue of technological and economic characteristics, contemporary production necessarily occurs within the framework of separate

production units. The socialist state allocates productive capital for its organization, assigned to the separately established and operating enterprises. In turn, the enterprises organize the circulation of such capital, which includes procuring raw and other materials, organizing the production process and marketing the finished products. This separate circulation of productive capital converts the individual reproduction of items within the enterprise into the foundation for the social reproduction process. Without it, public reproduction could not exist, for it is established as a result of hundreds and thousands of individual reproduction systems. Under socialism, national ownership does not eliminate this concept, for it is inherent in public reproduction. Conversely, its production utilization is necessarily based on it.

This is the basis for the functions of the enterprise and, respectively, its labor collective, in the area of management. It is also the base for explaining the nature of management as a function and a process. Actually, managing is precisely a process of organizing individual reproduction and the circulation of enterprise productive capital. Consequently, it can take place only within the enterprise and is its direct function and, hence, the function of its labor collective. This does not mean, however, that the state is not involved in this process. Conversely, since public reproduction requires the full coordination of individual reproductions, management within the framework of a given enterprise must be coordinated with management in all other national economic enterprises. This coordinating function under socialism belongs to the state and is performed by it consciously and purposefully. It represents the economic functions of the state and defines its attitude toward management. As Comrade T. Zhivkov points out, the state performs the functions of the owner within the framework of the national economy as a whole, "secured through the state plan,"<sup>32</sup> whereas the enterprise and the labor collective accomplish this as the direct managers. The state organizes the public reproduction process and the coordination of hundreds and thousands of individual reproductions, whereas the enterprise organizes individual reproduction within its own limits. This determines the autonomy of the enterprise as well as its dependence on the state. This stipulation enables us clearly to define and demarcate between the functions of the state and those of the enterprise and also to see their subordinated relations. It shows that "the owner and the manager in our socialist state are in a state of dialectical unity."<sup>33</sup>

Individual management within the framework of the enterprise does not deny the common nature and integrity of the property of the whole nation. Conversely, it is an inherent means of its existence.<sup>34</sup> We know that the entity always consists of the unity of its parts and that it exists thanks to the connections among them. Its components are found in the coordination and subordination of the parts, which cannot exist outside the entity. In this case, the entity is public property, which can function only through its parts--the productive capital of the individual enterprises. The functioning of the property of the whole people is based on the functioning of productive capital in enterprises and its individual reproduction.

The functions related to individual reproduction under socialism may be classified as follows:<sup>35</sup> the production function is the first. Its task is to

produce a corresponding product which will meet the needs of society; the financial is second. Its task is to reproduce and increase the funds advanced to the enterprise through commodity-monetary categories; the social function is the third. It is related to the functioning of the labor collective and its own reproduction. All of them are related to management and express its content.

The second question is that of the difference between the labor collective and the enterprise and, hence, of their functions in managing productive capital. Most generally speaking, the enterprise is a separate organizational unit within the structure of the national economy. It is one of its elements. On the one hand, it is a system of productive capital used for the production of a specific product or the performance of specific technological functions. From this viewpoint, it is not an economic category or subject of production relations. It is not, as Comrade T. Zhivkov points out, the owner of productive capital.<sup>36</sup> On the other hand, the enterprise is a form in which the productive capital is combined with the manpower. As such, it is an economic category. Marx points out that in itself the factory is not an economic category but is based on the utilization of machines. "It is a social production relation, an economic category."<sup>37</sup> Individual reproduction, carried out within the framework of the enterprise, includes production, distribution, exchange and consumption. It creates individual production outlays and the reproduction of labor and all production categories.<sup>38</sup> In a word, it converts the autonomy of the socialist enterprise into an economic independence and the enterprise itself becomes the subject of socialist production relations. In turn, the labor collective is an autonomous social unit within the system of socialist production relations, developed within the framework of the enterprise. It is also a particle of another large system--the people. We see, therefore, that the enterprise and the labor collective are closely interrelated, above all by virtue of the unity among nation, national economy and production relations and, after that, by the framework of the production unit within which both are established. The enterprise and the labor collective are, consequently two relatively separate subjects of production relations, which exist in a state of unity. The question of their common and different features remains, for the time being, the least clarified in our publications and, at the same time, the most difficult to answer in the practical identification of the functions of the two subjects.

As a particle of the people, the labor collective is a separate element within its structure. The functions of the people as the owner of productive capital are assumed by the labor collective as well, but not entirely, for this would violate the nationwide nature of ownership, but only in terms of the organization of individual reproduction. In other words, the people grant the labor collective and its own structural units its ownership functions in managing productive capital. This does not deprive the people of their quality as the owner. The labor collective, however, becomes a social unit which assumes the function of managing the productive capital assigned to it.

However, even within the enterprise the contemporary production process is complex and operates on a large scale. For this reason, the labor collectives cannot directly engage in the efficient managing of productive capital

assigned to the enterprises. This calls for the development of respective bodies, the task of which is to organize and manage individual reproduction. Each one of them has its specific functions and responsibilities. They are organized along two closely interrelated lines. The first is that of the administrative management of the production unit and includes managing the various areas of enterprise life--procurements, engineering-application, production, marketing, etc., i.e., the functions of its administrative-managerial and production bodies and organizational-production units. The second line is that of social management and control and includes the functions of the public organs: economic councils operating on different levels of the organizational structure of the economic organization, and the other social organizations, which are set up in order to help the labor collective in its daily management of the production unit. In their organic unity, developed as a single system, the final objective of which is to combine productive capital with manpower and to organize the process of producing and marketing the goods, the various authorities of the production unit which form its apparatus, so to say, form an independent unit known as an enterprise.

Consequently, in terms of its functions, purpose and place within the organizational structure of the society, the enterprise is distinguished from the labor collective. However, the relationship between them is dialectical. The enterprise cannot exist without the labor collective, for it is the labor collective which constitutes its social foundation; conversely, the labor collective cannot be set up or exist without the enterprise, for the enterprise is its organizational and management base.

The stipulation of the unity and differences between the enterprise and the labor collective enables us accurately to formulate their respective functions and responsibilities, which are similar and exist in a state of unity but are also different. Comrade T. Zhivkov points out that the unity between the labor collective and the enterprise "does not mean that...we should not distinguish between the rights and obligations of the socialist organization and the rights and obligations of its labor collective."<sup>39</sup> Let us add to this that the labor collective as a social body has its specific functions related to its own spiritual and professional development. The identification of the differences between the labor collective and the enterprise enables us to determine the contradictions between them and to clarify the process of their development, thus preventing their aggravation and the appearance of consequences alien to socialism. The contradictions between them are, in the final account, a manifestation of the differences in their interests. They are resolved through the creation and utilization of a mechanism which would combine their interests.

A tie exists between the state and the enterprise in addition to that between the labor collective and the enterprise and the subordination of the enterprise to the will of the labor collective. "The enterprise," Comrade T. Zhivkov points out, "is a structural component of the production structure of the national economy."<sup>40</sup> As a separate structural unit it is also a separate unit within the property of the whole people,<sup>41</sup> and its functioning is an aspect of the general functioning of the national economy and the property of the whole people. This determines its subordination to the state,

which is the representative of the people in handling national productive capital, and the need for the enterprise to take into consideration the requirements which are set by the state through its economic and scientific and technical policy, the tasks formulated in the national economic plan and the economic mechanism norms. Consequently, on the one hand, the enterprise is an organ, an apparatus of the labor collective in the efficient managing of productive capital and is responsible to it; on the other, it is a unit directly related to the national economy and the property of the whole people, for which reason it is subordinated to the state. These two lines of enterprise subordination trigger a contradiction. However, this contradiction can be resolved, for the state is the representative of the people and the labor collective is a part of the people which obeys the will of the people. Actually, the property of the whole people unites, synchronizes and subordinates to a single objective the different enterprise relations and is the base for their unity.

The study of the nature and the place of the labor collective and the socialist enterprise within the national economic system enables us to formulate their functions as well. In terms of the labor collective, they are the following: to define the objectives of the enterprise's production and economic activities, to approve its counterplan within the limits stipulated by the state, to ratify the organizational structure of the production process in the enterprise and the distribution of the labor collective among the individual internal units and their managers; to confirm decisions on the organization of labor and wages; to contribute to the organization and implementation of the production process; to organize the system of social services to the members of the collective; and to provide overall supervision over the implementation of the enterprise's tasks. In other words, the functions of the labor collective are those of a leading organ within the framework of the enterprise, functions which it performs directly.

In terms of the enterprise, the functions are the following: to organize procurements of raw and other materials, the utilization of scientific and technical novelties, the production and marketing of the produced goods and the formulation of the plan for the implementation of such function; to carry out the overall organizational and economic activities which make the enterprise a separate commodity producer operating on the basis of total cost accounting. In other words, the functions of the enterprise are the day-to-day management of its overall production and economic activities and the efficient managing of national productive capital assigned to it.

#### The Owner and the Manager as Subjects of Distribution Relations in the Socialist Enterprise

The state, the socialist enterprise and the labor collective, as relatively separate subjects of production relations under socialism, have their own specific interests. The interest of the state is based on its ownership of national productive capital assigned to the socialist enterprises for management purposes. The interest of the enterprise is based on its autonomy and its function of organizing the production process within its framework and to manage the national productive capital assigned to it. The interest of the labor collective in the enterprise is based on its function of regulating

processes and the functions of its members, who must combine their manpower with the productive capital. A unity based on the common economic foundation on which they are built--ownership by the whole people--links the interests of these three economic subjects of the public production process. However, their very autonomy also triggers contradictions between them, which must be resolved. These contradictions are nonantagonistic. They are within the framework of the basic unity inherent in the socialist society, and their resolution is achieved with the creation of a suitable coordination mechanism. The distribution of the created net income among the various interests is the main element of this mechanism.

The distribution of the net income is actually a form of economic realization of the ownership, possession and management of national productive capital within the framework of the socialist enterprises. It is a function of economic relations and should be entirely consistent with them.<sup>42</sup> In this case economic realization means the earning of income consistent with the economic role of the subjects of public production and their position within the system of production relations. This phenomenon was explained by Marx in his study of capitalism. He also formulated the specific aspects of the economic realization of land ownership (rental), capital ownership (dividends and interest) and capital functioning (entrepreneurial income). Marx pointed out that the distribution (breakdown) of the gross profit created by the capitalist enterprise between the owners (of the land, productive capital and funds) and the functioning capitalists accurately reflects their position within the system of production relations and their functions in the organization of public production. For example, he stated on the subject of entrepreneurial income obtained by the functioning capitalist, that "...the quantitative distribution of the gross profit here converts into qualitative distribution, the more so since the qualitative distribution itself depends on...the manner in which the active capitalist manages with the help of capital and the gross profit he earns as a functioning capitalist, i.e., as a result of the functions of the capitalist as an active capitalist."<sup>43</sup> On the subject of the distribution of the profit between the owner of the funds and the functioning capitalist he wrote that "profit...is broken down or could be broken down into two qualitatively different and reciprocally independent and autonomous parts: into interest and entrepreneurial income...."<sup>44</sup>

We can see that the distribution of the net income created within the framework of the enterprise has a qualitative base and accurately reflects specific economic relations in the production process. This applies to distribution as a production relation and is valid under all social conditions, including socialism. The state, the enterprise and the labor collective are subjects of production relations. They perform specific economic functions according to which the income created by the enterprise is broken down and must be divided among them. This distribution meets their interests, which are combined and are subordinated to the national interest. The distribution of the net income (gross or overall profit), consequently, has a qualitative feature. Its individual parts perform qualitatively independent functions, reflecting specific production relations. The quantitative distribution of the net income should accurately reflect these qualitative features of each separate part. The stipulation of the owner and the manager, as we may see, provides

a theoretical foundation of the distribution processes in the socialist enterprise. It offers a key for explaining the qualitative nature of each separate category in the distribution of the net income used in our practice and is also a practical base for determining the categories. Naturally, in the matter of shaping quantitative ratios, we should bear in mind that the process is quite complex and interwoven and that a number of different factors must be taken into consideration. It would be rather simplistic and essentially erroneous and harmful to undertake the mechanical determination of the values of the categories in close coordination with their functions. The opposite would be no less harmful, i.e., neglecting the economic nature of the categories and their objective quantitative determination in their utilization.

More specifically, the quantitative determination of the individual parts of the net income of the socialist enterprise is based, first of all, on the function of the state as the owner of the national productive capital. State ownership must have its economic realization, which is part of the net income created by the enterprise to which it has assigned productive capital. In the socialist economy this part is in the form of taxation. A variety of taxes are used for this purpose: turnover tax, productive capital tax, land tax, etc. Not all of them could be considered a net form of economic realization of ownership, for which reason they do not always express their specific function quantitatively. This is due to the fact that along with their main task, which is to serve the economic realization of the national (state) ownership of productive capital, taxes are also used for a number of other purposes, for which reason their specific quantitative manifestation must deviate from their amount. For example, taxes are used as fiscal instruments as well, as regulators of the net income left at the disposal of the enterprises and as incentives for some economic processes. The combination of such functions is difficult, for which reason different taxes collected in different manners are used. Occasionally, this makes them deviate quite significantly from the value which should reflect most completely the economic realization of ownership.

Secondly, we have the function of the enterprise as the possessor of productive capital. The enterprise does not become the owner of the productive capital assigned to it by the state but merely its possessor. It only enables the possessor to make use of specific productive capital.<sup>45</sup> This turns the possessor into a subject of production relations and possession into a function of ownership, which should have its own economic realization. Under socialism, this realization is expressed in the net income of the enterprise or its profit. The qualitative determination of the enterprise's profit as the economic realization of the possession and management of productive capital also determines the size of the profit. Here again, as in the case of taxes, we should not look for complete consistency, for the profit as well performs a number of other functions which require a corresponding deviation of its specific value from its substance.

Third, we have the function of the labor collective as the direct manager of the productive capital assigned to the enterprise. As we pointed out, the labor collective is also a separate subject of production relations with its

autonomous functions in the organization of the public production process. As directly participating in the production process, the members of the labor collective earn an income precisely consistent with the labor they have invested. However, the results of their labor also depend on the performance of their functions as the direct managers, which calls for their income to depend also on the overall economic results of the activities of the enterprise, synthetically reflected in the resulting net income. For this reason, some of the income earned by the members of the collective must be related to the net income created and realized within the enterprise. Essentially, it is this part that is the economic realization of the function of the labor collective as the manager.

The purpose of this analysis of a part of the distribution processes based on the concept of the owner and the manager of productive capital is to find an accurate criterion in selecting the forms and establishing their quantitative ratios in the distribution of the net income earned by the socialist enterprises. More specifically, it is to find an accurate criterion which will enable us to evaluate the extent to which the taxation and the other forms of distribution of the net income we have selected and the means of their quantitative determination reflect accurately the objective requirements inherent in relations between the owner and the manager under socialism.

Considered on the basis of this criterion, the distribution processes in our enterprises indicate that essentially they serve the economic realization of the property of the whole people and the possession and management of productive capital. The turnover tax, for example, is used for the economic realization of ownership. Unjustifiably, other suitable taxation forms, such as the tax on productive capital and the tax on the land, have not been included. Profit, which under our economic mechanism is manifested as the "profit of the economic organization," is used for the economic realization of the possession and management of productive capital within the framework of the socialist enterprise. Its formation and, subsequently, its distribution contribute to the implementation of its functions. Nevertheless, the system of its formation as a value has not been sufficiently advanced so that it may be most fully consistent with its economic content and functions. Nor have we entirely clarified the basic question of the role of profits in expanding the production process and, more accurately, the extent to which it should be a source for the financing of this process. This problem must be theoretically clarified above all, again in close connection with the concept of the owner and manager of productive capital.

#### The Concept of the Owner and the Manager as the Base of the Main Features of the Economic Approach in Economic Management

The economic approach is inherent in the socialist economy. It is an objective means of its functioning and control. The need for it and its main features are determined not by any single socialist feature but by its entirety as a social system, by all of its essential features. However, in the sum total of production relations and factors of the economic approach, one is fundamental. It is the relationship between the socialist ownership of productive capital and the specific form of its management or, more accurately, the function of the state as the owner and the socialist enterprise

or, respectively, its labor collective, as the manager of productive capital. The formulation of this concept became the theoretical foundation for the economic approach and for the determination of its most essential features.

The concept of the owner and manager of productive capital emphasizes, above all, as we indicated, the problem of the integrity of national property under socialism, and its unity and indivisibility. Public ownership counterbalances private ownership, which divides productive capital among thousands of owners, divides the national economy and creates its greatest internal contradictions. It is of basic significance of public ownership under socialism to surmount this lack of coordination and separation of ownership, to unite the producers and to create the material and economic prerequisites for the integrity and unity of the national economy. This is also the base for the main requirement in the area of public production management: centralism and planning. The national economic management system must be consistent with them as well. The economic approach, consequently, calls for centralism and planning in economic management. This is its most essential feature. However, this requires a certain clarification. Profound centralism in national economic management does not mean mandatorily any excessive, detailed and bureaucratized centralism. It does not require administering economic processes. Confusing these aspects of centralism has always led to errors in theory and practice.

Essential conclusions in terms of the economic approach also stem from the second part of the stipulation to the effect that the enterprise and its labor collective are the managers of productive capital and that their function is to manage it. This has become even more important; for such conclusions were not taken totally into consideration until now. Actually, these conclusions brought about the formulation of the latest concepts of the economic management mechanism. The essential feature in this case is the clarification of the nature of the economic independence of the socialist enterprise and the formulation of the functions of its labor collective. This made it possible to determine the great role of commodity-monetary relations as an economic connection among separate economic enterprises and to clarify the nature of the enterprises as commodity producers and that of the socialist market, the economic regulators and stimulators of the production process and economic coercion as a means of exerting influence. In a word, the clarification of the functions of the enterprise and the labor collective as the managers of productive capital led to the introduction and extensive utilization of economic management methods of the national economy and the enhancement of the forms of economic influence as essential features in this process. Based on the stipulation of the labor collective as the manager, Comrade T. Zhivkov pointed out that the application of the economic approach in managing the national economy required the elaboration and application of new management methods and new forms of organization and management, which essentially consist of the utilization the levers of economic influence. "Now, under the conditions of the new economic approach and its mechanism," he said, "the utilization of the economic levers and mechanisms becomes the main method for managing and controlling economic activities."<sup>46</sup>

The basic conclusions which must be made in terms of the economic approach, as required by the concept of the owner and manager of productive capital,

may be summed up as follows: first, the need for centralized planning of the national economy, but in accordance with a technology which would be consistent with the individuality of the enterprise and the function of the labor collective within it as the autonomous and direct manager of assigned productive capital. Second, the organization of nationwide production, which creates the possibility of achieving optimal efficiency through production specialization, concentration and echeloning. Third, the active use of commodity-monetary categories for economic influence and economic coercion in terms of enterprises and their labor collectives and economic control of the production process. Fourth, the consideration of socialist enterprises as relatively autonomous commodity producers which function on the basis of total cost accounting, interrelate through the market and its specific contractual relationships, and coordinate the production process with the regulatory functions of this market on enterprise activities. The inner task of the approach is to create conditions as a result of which the interests of the individual enterprises and, respectively, their labor collectives, will be converted into inner reasons for their activities, into a motive force of their development as well as a factor in combining their separate interests and subordinating them to the nationwide, the unifying interest.

The stipulation of the owner and manager of national productive capital also determines the basic "set of instruments" used in the application of the economic approach. We know that the approach determines the management method and its basic principles, methods and means of organization. The specific instruments used in its practical application are contained within the economic mechanism which is essentially a system of economic categories (economic forms, levers and means of influence and control) used by society in their respective organizational, administrative and juridical forms. The economic forms which constitute the content of the economic mechanism used in the functioning and management of the national economy are numerous and varied. They are related to all socialist production relations. The most essential and basic among them are the categories of planned, commodity-monetary and distribution relations, which are directly linked to the functions of the owner and the manager of productive capital.

If we were to single out the most important among all economic factors which form the content of the economic mechanism and, among them, the most important in the current stage of its development and application, we should focus above all on value categories and, among them, above all, on cost accounting. Full socialist cost accounting, with its specific self-support, is the most essential manifestation of the autonomy of the socialist enterprise and the labor collective within it as managers of national productive capital. No other economic form can express more fully the nature and requirements of autonomous managing of productive capital and the conversion of the enterprise and the labor collective into direct managers of productive capital. "Therefore," Comrade T. Zhivkov points out, "the new and essential feature which characterizes our philosophy and views on the practical application of the economic approach and the new economic mechanism is organizing cost accounting in all economic organizations and branch and brigade and individual worker, and each social organization and individual social activity."<sup>47</sup>

The concept of the owner and manager of productive capital under socialism is fundamental. It is the base for some of the most essential theoretical conclusions on the nature and characteristics of socialist production relations and direct practical-applied conclusions relative to the principles, organizational means and methods of national economic management. The main task of the science of economics today is to penetrate profoundly into the nature of this concept and to draw the necessary conclusions concerning the overall system of socialist production relations and socialist political economy as a science. Any type of scientific research requires the intensification of the process of abstracting and breaking down the system into its internal components and clarifying the most general processes and phenomena. However, this is merely the first necessary step. It is followed by the second equally difficult one of gradually progressing from the abstract to the concrete and from the simple to the complex or, in this case, from the simple and relatively abstract theoretical formulation of the owner and manager to the complex specific relations existing in economic life and the building of an integral system of practical-applied elements in the economic management mechanism. Today this is one of the basic tasks facing our economic practice.

#### FOOTNOTES

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27. "Dvanadeseti Kongres....," p 46.
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29. T. Zhivkov. "Problemi i Podkhodi....," p 61.
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[No 11, 1984 pp 3-40]

[Text] Professor Dr of Economic Sciences Angel Miloshevski: Comrade Slavcho Georgiev states in his report that the question of the owner and manager of productive capital is fundamental for us today. What are the reasons for which this problem precisely has now become fundamental in our country? Is the formulation of this question based on some specific circumstances prevailing in our country?

Docent Boyan Andonov: In his discussion of the question of the owner and manager, Prof Zhak Aroyo indicates three subjects of production relations: the state, the enterprise and the collective. My question is the following: to some extent are not the people, as the owner and manager of the collective, i.e., the individual as an associate owner, not bearers of production relations, or does this not increase to five the number of the parties to production relations?

Professor Dr of Economic Sciences Zhak Aroyo: We read on p 17 of Comrade Georgiev's report that the supreme owner, society, will control and direct the activities of the personified owners. Further on, on p 18, he specifies

that the personified owner is the economic management. I would like the concept of the personified owner to be clarified.

Professor Dr of Economic Sciences Tasho Pachev: Comrade Slavcho Georgiev writes that it is precisely the economic manager who is the specific agent in the direct reproduction process. The other one is the worker and the labor collective. The interests of these two agents are different. The first defends the interests of the supreme owner while the owners defend their own interest. It is precisely within the enterprise that the economic relations develop between these two agents, in the presence of which the economic combination of the producer with the public productive capital takes place. Does this determine the economic unification of the producer with the public productive capital, and as the labor collective becomes the direct manager of socialist property, what is the role of the manager? Could a manager who unquestionably defends the national interests be excluded from the labor collective and not protect the interests of the collective? Does the manager in an economic organization have a kind of twin function? Comrade Todor Zhivkov stipulates in one of his lectures that the manager is a member of the labor collective and that as such he should perform the specific function of an intermediary in economic interaction between the state and the labor collective, between the owner and the manager. In my view, however, the more important problem is the second: Does this relationship or contradiction determine the nature of the tie linking the direct producers with productive capital?

Docent Dr of Economic Sciences Dimitur Yanchev: My first question to Comrade Slavcho Georgiev is the following: If I have understood you properly, according to your logic virtually all economic organizations could be considered a personified owner. In this connection, several questions appear. However, the more important among them are the following: How to coordinate such a stipulation with definitions in your theory such as, for example, the fact that socialist property is public and that the property of the whole people is single and indivisible; that the state is the organ of society? Would it not be better to say that the state or, respectively, its bodies are not the personified owners but the personified spokesman for this ownership? I believe that in this case the concept of "spokesman" would be a more accurate term for some of our concepts.

My second question is the following: on what basis do you proceed by considering the question of the rights and responsibilities of the labor collective as legal rather than economic?

My question to Professor Popov deals with the correlation between the general and the specific. What do we emphasize in the consideration of production relations: the general or the specific?

Prof Dobrin Spasov: What does Professor Popov mean by "concealing the objective nature of social phenomena, including economic ones, behind conscious human activities"?

I would also ask him to clarify his concept of methodology, having discussed first of all the methodological significance of political economy in terms of

social science in general. Does this not mean a confusion between historical materialism and political economy? Secondly, he mentions the methodological significance of socialist political economy. In explaining it, however, it appears as though he reduces it to something which could apply to all sciences without exception. They too study certain laws the knowledge of which is used in practical work and research. Is this the nature of methodology? Does science mean the same as methodology?

In connection with the report by Comrade Slavcho Georgiev, I have a question concerning his thesis of the two extremes in economic research: on the one hand, some authors have dealt essentially with the study of concepts and categories and argued against various trends; on the opposite side there have been gross practitioners, empiricists, etc. Does the condition of socialist political economy not require a more liberal attitude in this respect? Given the current status of socialist political economy, should we blame so harshly the various trends followed in its development?

Prof Aleksi Aleksiev: The speakers have omitted a major problem of economic theory: the modification of economic laws and categories under socialism. I would like to hear their views on this question.

Professor Dr of Economic Sciences Dimo Vladov: Comrade Slavcho Georgiev stresses that the contradiction between the equality of all working people in terms of ownership and inequality in terms of distribution is a basic contradiction. Could such contradiction be considered basic, considering that it will not exist during the second phase of communism? The following question arises: could we characterize this contradiction as an undeveloped form of the basic contradiction of the entire communist system or else could it be a specific central feature in the system of contradictions, without being basic and, in a way, constitute a transition from the basic to the other contradictions?

Professor Dr of Economic Sciences Zdravko Kovachev: since under socialism as well the general is manifested through the specific and the development of the specific carries within itself the features of the ripening of the general, could we predict the implementation of this contradictory unity of development and manifestation of the general and the specific? From the methodological viewpoint, what is Professor Popov's view of an eventual future orientation of political economic research in this area?

My second question or my wish is for Professor Aroyo to provide a categorical and better motivated answer concerning the broader foundation of the economic autonomy of the enterprise under socialist conditions and its content from the viewpoint of its realization.

Professor Nikola Velikov: Does Professor Popov believe that the fact that wages are a result does not make them an expenditure?

Aleksandur Tomov: A question for Professor Aroyo. In practical terms, does expanding the rights and responsibilities of labor collectives mean that the economic autonomy of the enterprise and the labor collectives is broadened?

Professor Dr of Economic Sciences Angel Miloshevski: A question for Prof Zhak Aroyo. First, what does the relative autonomy of the socialist state as the subject of production relations mean? Second, in what sense is the system of shaping the profits of the socialist economic organization imperfect? Third, if commodity-monetary relations are an economic form of ties among economically separate enterprises, does this not greatly narrow the problem of commodity-monetary relations?

Professor Dr of Economic Sciences Tasho Pachev: If the labor collective is the social content of the economic organization or, more specifically, of the enterprise, what is left in the enterprise considered separately, if we subtract the labor collective? I am referring not to the technical aspect of the problem but to Marx's idea of the enterprise as an economic category, as a production relation.

#### Answers

Dr of Economic Sciences Slavcho Georgiev: Most of the questions deal with the problem of the owner and the manager. In my report I provided an extensive interpretation of the scientific substantiation and significance of the problem of the owner and the manager in building a developed socialist society in Bulgaria. I emphasized that in the scientifically substantiated development of this problem, originated by Comrade T. Zhivkov, I see a new interpretation, an original view, of exceptional interest in the science of economics, of the specific historical mechanism of manifestation of the basic production relation under socialism: the attitude toward productive capital. In this sense I say that this matter is not specific to Bulgaria alone, i.e., that the problem of the attitude of the true owner toward the direct producer has always been basic regardless of state, class or political party. The formulation and theoretical developments of this problem provided by Comrade T. Zhivkov in his latest works are specific, in the sense of being original, never before encountered in Marxist-Leninist economic theory. Unquestionably, this is a major theoretical contribution by our party to the development not only of Marxist-Leninist economic theory but, in general, of our entire social theory of the development of the socialist society. By clarifying the significance of this radical problem I indicate in my report that, in my view, the problem does not apply only to the forms of management but to the entire system of economic relations under socialism. I refer in my report to Marx, who considered relationship between the direct owner and the direct producer the most profound foundation, the hidden secret of the entire social system. We cannot clarify the other components of production relations even from the viewpoint of their characteristic features until we have unraveled precisely this most profound secret of any social system, including socialism, i.e., from the specific, the historical viewpoint, what precisely is the nature of this relationship between the direct owner and the direct producer. Comrade T. Zhivkov's theoretical elaborations on this problem offer us a broad scientific foundation for the further clarification of this problem. Comrade T. Zhivkov himself emphasizes that discussions on this problem should continue. In my report, in addition to the party concept, I provide my own interpretation on my understanding of some basic theoretical concepts developed by Comrade T. Zhivkov. However, like all of you, I too am

a seeker in this area and, naturally, I cannot provide an exhaustive answer to all problems related to this basic question. I repeat, in my view today the question is reduced not to a general interpretation, which our political economy has been providing so far, in the sense that this relationship is one in the course of which the worker is combined with productive capital as being publicly owned, that he is not exploited, and so on. These are true although general concepts. The question is more specific: what specific relations are created in the course of the direct production process between the direct owner and the direct producer? No improvements in the management of the national economy may be achieved without a theoretical explanation of some radical problems related to the development of economic relations themselves, based on the relationship between the owner and the manager. I must clearly emphasize that this is not my view but the view of our party, on which a number of works by Comrade T. Zhivkov and many party documents are based.

Now as to the question asked by Professor Aroyo on the way the supreme owner will direct, in the sense of controlling, the activities of what I have described as the personified owner. I raise the question in principle only, i.e., in the sense that every owner has the real possibility of supervising the authorities which directly manage his property. The question of the type of forms which we have found so far for such control, the extent of their effectiveness and results, is a different one. It is a question of a more special study.

I was asked a few questions on the subject of the concept of "personified owner" used in my report. My answer is the same I gave in the report. It is precisely in the direct reproduction process that relations develop between the actual owner and the immediate producer. This is a relationship between live and specific individuals who represent the two sides of the owner-producer relationship. Under socialism, one of the sides is the labor collective, as a sum of individual producers and, naturally, the individual producer, who is part of the collective but who also has an interest as a direct producer. I combine them in my report in the concept of "direct producer."

The other side, i.e., the real owner is, in my view, represented by the director and the economic management. Under socialism, they merely represent the actual owner. In the reproduction process they are a separate economic figure who represents the interests of the state and, consequently, of society. It is in this sense that I speak of the "personified owner," and I will hold onto this formulation until I can be convincingly proven wrong. This formulation does not violate but entirely proves, first of all, the social nature of ownership under socialism. Second, it proves that it is single for there is a single owner, i.e., society; third, it proves that public ownership is indivisible, for it does not lead to separate owners as a result of the fact that the director represents the state and society in the direct reproduction process. As to the question of Docent Yanchev, according to which by virtue of this formulation all economic organizations could describe themselves as "personified owners," I have not expressed such an idea anywhere. It is a question of the director and the economic management rather than the entire economic organization which, regardless of how closely they may be linked, remain separate concepts.

The next question is why do I consider that the rights and obligations of the owner and the manager are a legal matter. Here it is a question of the legal aspects of rights and obligations and it is in this sense that I consider this a legal problem. In my view, this juridical aspect of rights and obligations has its economic foundation and it is our task, the task of the political economist, to clarify precisely this economic foundation, i.e., these actual economic rights and obligations of the owner and the manager.

Docent Dr of Economic Sciences Dimitur Yanchev: What relations do you see existing between the owner and the labor collective except for legal?

Dr of Economic Sciences Slavcho Georgiev: Naturally a number of economic relations develop between the owner and the labor collective, related to the production, distribution, exchange and consumption of the public product. One of these basic economic relations is that of the distribution and appropriation of the added product. We know that economically all ownership is realized essentially through the appropriation of the added product. It is precisely the appropriation of the added product which determines who is the real owner of productive capital. The specifics of a given social relation is defined precisely by who appropriates and how the produced added product. We already determined that under socialism society is the actual owner. However, society as a whole cannot directly manage the ownership of productive capital and, consequently, to distribute the social product. On behalf of society such functions are performed by the state. Consequently, relations involving the distribution and appropriation of the added product are, in reality, relations between the state and the labor collectives. The entire matter is how to conceive of such relations. In his seventh lecture to the students and teachers of the AONSU, Comrade T. Zhivkov clearly emphasized that the owner and the manager should not be absolutized but considered as dialectically related. This means that the owner also has managerial functions and that the labor collective is not only the producer but the co-owner, being part of society. As part of society, which owns the entire added product, the labor collective also uses a variety of forms--essentially through the centralized and decentralized central funds, to appropriate part of the created added product. If such is not the case, under socialism the producers are deprived of the ownership of productive capital and, consequently, of the possibility of using the added product. As you know, in real life approximately one-third of the income of the working people comes from social consumption funds, which are based on the added product. Consequently I thus answer the question of Prof Tasho Pachev as well, by saying that the method of distribution and appropriation of the added product under socialism is one of the basic characteristics of socialist production relations. This problem is of exceptional importance in making the labor collective the true manager of socialist productive capital. Practical experience has indicated that socialist enterprises which have the real possibility of setting aside greater monetary and material funds to meet the needs of the collective through decentralized central funds also achieve better economic results.

Now as to the two extremes in terms of the development of political economy. I agree that we must promote the development of the category apparatus of political economy, for a science develops, along with everything else, when

it develops its apparatus of categories. In this case I raise the question of the connection between economic theory and economic practice. In this case, my idea, more specifically, is that it would be better for economic theory to be based on a summation of economic practice rather than on general theorizing as to concepts, categories, and so on. In other words, it must develop these concepts and categories essentially on the basis of the study of social practice and its summation.

The question of the basic contradiction has always triggered very serious differences. I realize that many economists may reject this concept in the same manner that I do not agree with the formulations of other authors. I know that the main charge against me will be that thus formulated, the contradiction turns out to be exclusively specific of socialism rather than the entire communist production method. This is a question which could also become the subject of a major debate. It is perhaps for such considerations that a number of economists adopt the other formulation, that of seeking the main contradiction between the possibilities of the production process and the increased needs. However, if we define the contradiction thusly, what more do we gain from our concept of the characterization of the communist production method? This contradiction exists under all social systems--capitalism and socialism--and will remain under communism. Let us go back to the root of the problem. In my view, no differences of opinion exist on the fact that the main contradiction should express the main production relation. What is the main production relation? It is the relation concerning productive capital. However, since it is a relation relative to productive capital, this means that all relations are relations between two sides. All people have the same attitude toward public productive capital, in the sense that the appropriation of productive capital is done by society rather than privately, as is the case in presocialist social systems, on the one hand, and the fact that it is precisely on this basis of this appropriation of social productive capital as a result of the insufficient development of productive forces that differences arise in the distribution and appropriation of consumer goods, on the other. This is a basic contradiction, which is nothing other than a contradiction between these two sides in the basic production relation.

Will this contradiction remain throughout the entire communist way of production? I would hardly dare to say so. The question, however, is not whether or not this will be exactly the case. There may be modifications. For the time being, however, real social life under socialism indicates that this is the basic contradiction. That is the way I see it. Naturally, from the purely methodological viewpoint we may assume that it will remain a contradiction during the higher phase as well, with certain changes (in its second part, which is the means of appropriation of consumer goods). I do not see any reason for any other formulation of the basic contradiction.

Professor Dr of Economic Sciences Nikola Popov: Now on the question of the general and the specific in the development of the communist production method. Why do I emphasize the general while discussing the specific under socialism as the first phase of the communist production method? Because I believe that the specific can be understood and appreciated only on the basis

of its connection with the general, without separating it from the general as determining in the communist production method, for this applies to the method of production and under socialist conditions, as the first and lower phase, this general feature takes place under specific circumstances determined by the lower level of development of production forces and respective maturity of the production relations themselves. Naturally, it is quite clear that in the practical activities of the socialist state we cannot fail to emphasize the specific, for its assertion is its direct task. I emphasize the general, however, for the excessive interpretation of the specific, as current experience in our development has indicated, has frequently led to a certain separation from the general. Take, for example, the question of commodity-monetary relations. The excessive emphasis on the specific, of planning, for example, as being just about the only law which regulates relations under socialist conditions, leads to an underestimating of the general, which is related to the requirements and effect of the law of value. This could trigger certain shortcomings in the management of the socialist economy. It is precisely in this sense that I emphasize the general, without neglecting the specific, as emerging on the proscenium, as the direct objective of the overall policy of the socialist state and the development of the economy without, however, separating this specific feature from the general feature, for it is only on the basis of the general that we can understand the content of the specific and its place and role in the development of the socialist society.

Prof Dobrin Spasov asks the reason for which I use the term of conscious, which is sometimes used to conceal contradictions or the dialectics in the development of social relations. I mention this within the same sentence in order to separate the effect of the social from natural laws. In conscious activities some objective processes may be concealed, i.e., may be seen by the people in the wrong light and thus provide an erroneous idea of the characteristics of the manifestation of dialectics and the development of social, including economic, relations. Let me cite the example of the philosophy students I examined 10 days ago. Only one of all the students whom I asked whether it could be considered that the socialist economy is developing on the basis of surmounting the contradictions in this development answered that such contradictions exist in the development of the socialist economy as well. All other third-year philosophy students answered that our society is developing without such contradictions. In a number of our formulations this objective aspect in the development of economic processes is either concealed or simply ignored to such an extent that the students have developed the impression that our society is developing without the existence of such contradictions.

To what extent can socialist political economy play the role of methodology? I consider this question without denying the role of philosophy, which provides the methodology of the science of economics, including socialist political economy. However, since socialist political economy deals with the clarification of production relations, which are the foundation of all other social relations, to a certain extent, in turn, it too plays a methodological role and is of methodological significance in the other economic sciences.

Professor Alekseyev raises the question of the modification of categories and laws. The modification is a law in the manifestation of categories and the laws--speaking generally of categories, if we consider laws in a most general sense as categories--as has been confirmed by the very development of the economy, regardless of the production method, including under socialist conditions as well. Since their essential nature is not changed but the means of their manifestation is determined by the ownership itself, we should emphasize that the economic laws, by reflecting individual aspects of socialist production relations, are also in a state of certain unity and cannot be separated; this constitutes the unity of specific and general laws. In the course of their interaction they cannot avoid undergoing certain modifications in their forms of manifestation. Let us take as an example the law of value as a general economic law. Under capitalist conditions, in its interaction with economic laws specific to capitalism, it acquires specific forms of manifestation; under socialist conditions it acquires others. It is in a state of interaction with specific economic laws, for which reason it must parallel the basic economic law which determines the target. The socialist state accepts its regulatory role from the viewpoint of labor outlays but to the extent to which expanded reproduction is a consciously guided process, this law cannot shape the main proportions as it does under capitalist conditions with private ownership of productive capital. It is a different matter when we do not realize fully its role and do not take into consideration its requirements. At that point it is manifested in regulating labor outlays and could develop ratios which are inconsistent with the requirements of the remaining economic laws. In this sense we could also speak of the modification of individual categories under socialist conditions, to the extent to which we use not only specific categories which determine the specific feature of socialist production relations but also general economic categories which are also used under the conditions of a capitalist economy, such as wages, prices, money, etc.

How can we establish the development of the general in socialist production relations in the future, in the second phase of the communist production method? It is entirely clear that such forecasting applies not to the development of production forces alone but of production relations as well. The programs which have been adopted by the party for the long-term development of the country have also assessed the development of production relations based above all on changes in the forms of ownership. What happened in our country as the cooperative form of ownership changed and came considerably closer to and, in some cases, even merged with the nationwide form of ownership, already indicates the trend in the development of the general and the specific, expressed from the viewpoint of the characteristics of the second (higher) phase of the communist production method. Naturally, I oppose all sorts of models in their specific aspects used to describe this, particularly for the second phase, bearing in mind that we have still not clarified a number of features of production relations characteristic of the lower phase of the communist production method. It seems to me risky to provide some kind of more specific models of the manner in which such relations will be manifested in their specific form in the second phase of the communist system. However, to earmark prospects and to seek solutions and make forecasts in this sense is, naturally, necessary, and I think that this

is being done to a certain extent. We are currently amending some of our concepts relative to the place of cooperative ownership.

I think that some corrections may have to be made in terms of the cooperative form of agriculture especially. This specific process in agriculture, based on the characteristics of the reproduction process itself, will force us to make some new corrections; the great possibilities for the intensive development of agricultural production can hardly be realized without intensifying attachment for the land and related interest in it.

Now as to wages. I proceed from the concept that wages are a production outlay and would like to emphasize these aspects of decisions which were made years ago, to the effect that virtually the entire wage, including that of workers in industrial enterprises, be based on the residual principle. The uncertainty which was created in the formation of wages substantially influenced increased turnover, for which reason we amended it.

The residual principle, however, should be retained. The question is, to what extent.

Professor Dr of Economic Sciences Zhak Aroyo: I shall begin with a question which was not asked of me: Why is it that the question of the owner and the manager became one of the most topical questions in our contemporary times, specifically in Bulgaria? In itself, the problem is not new. In one form or degree or another, it has been studied for the past 30 to 40 years in Soviet and Bulgarian economic publications. The circumstances which drew attention to it are related to the aggravation of the contradiction between two of the subjects of production relations: the owner and the manager of productive capital; this was an aggravation which resulted in a certain alienation of the labor collectives from the property itself and its management. This reduced the interest shown by the worker and the labor collective in the results of their own work. Material and moral incentives to develop public production declined. It turned out that the solution of the problem of the system of economic management and the approach and mechanism in it requires mandatorily focusing attention on this contradiction, to determine its foundations, to clarify its factors and to seek ways for its solution at the present stage in our development. I agree with the statement by Slavcho Georgiev, to the effect that the problem of the owner and the manager is one of the basic theoretical problems of our time or, I would say, specifically for Bulgaria and for Bulgaria alone. Its proper solution determines the basic processes governing the functioning of our economy and its management.

My answer to the question of why do we mention only the state, the enterprise and the collective as subjects of socialist production relations and what happens to the people, the individual, the working person and the worker and the other subjects, is as follows: it would be erroneous to consider that the three subjects we mentioned cover the totality of participants in socialist production relations. The subjects are considerably more. I would not limit them even by adding the people and the individual worker. A broader study of production relations would most likely reveal many other subjects, participants in socialist production relations, who perform a variety of

functions and play a greater or lesser role in their implementation and development. Here attention was focused only on these three subjects, for my task was to substantiate above all the status of the enterprise as a relatively autonomous subject (I shall deal with this problem somewhat later) and to bring to light the difference and, hence, the unity of interests of the enterprise and the labor collective as separate subjects of production relations. The people as well are the subject of socialist production relations. We must bear in mind, however, that the interest of the people is represented by the state and that actually it is the state which functions as the direct representative of the interests of the people as well as a direct participant and subject in production relations. This does not eliminate the people as a separate subject. Nor does this eliminate the contradiction between people and state--a contradiction which could be aggravated under certain circumstances, although this is not characteristic of socialism. The circumstance that the state is a representative of the people in itself means that the state and the people are not one and the same person. They are two independent economic persons, two autonomous subjects of production relations. As to the individual as an autonomous subject of production relations, the fact is unquestionable and I do not deem it necessary to discuss it.

The question of the enterprise as a relatively autonomous and separate subject of socialist production relations is of basic interest. The enterprise should be considered from two different viewpoints: as a material, as a physical foundation of the production process and as a place where productive capital is combined with manpower. I relate the second aspect to the position of productive capital by the enterprise--not by the labor collective but by the enterprise as a relatively separate and autonomous unit. Possession does not mean ownership. It is a function of ownership and in this sense it is a function of appropriation. As a function of appropriation it is the economic foundation which shapes the separation and autonomy of the socialist enterprise.

The enterprise and the labor collective are closely interrelated. However, they are different subjects of socialist production relations, between which contradictions exist as well. We come across them on a daily basis. Such contradictions could become aggravated. The interest of the enterprise in terms of labor norms, for example, or in terms of the distribution of income quite frequently is greatly different from the interest of the labor collective. Such contradictions become aggravated in frequent cases and must be resolved. We would be unable to resolve such contradictions by denying the relative autonomy and independence of the enterprise from the labor collective, regardless of the unity of their interests.

Docent Dimitur Yanchev: We deviate a great deal by separating the collective. In the report by Professor Aroyo, for example, the items produced by the enterprise are materialized in profits while the items produced by the collective are essentially reduced to the wage fund. What is the outcome? We stress that the labor collective is a separate subject in order to resolve our production problems better. We have reduced the collective to a category again related to the wage factor. Does this not depersonalize the economic importance of the labor collective as a category?

Professor Dr of Economic Sciences Zhak Aroyo: I believe that if we follow the path of simplifying socialist production relations and reducing the number of their subjects we would be unable to determine their actual nature. Socialism is a complex social phenomenon. It is full of contradictions which are inherent in a stage which is between two other stages: communism and capitalism. It contains a number of transitional concepts. In this sense, socialist production relations are very complex and include a number of internal contradictions, a number of internally incompatible phenomena, such as the simultaneous existence of a direct social and indirect labor; public, individual and collective ownership; planned and commodity-monetary control, as well as many other seemingly incompatible phenomena. The identification of the enterprise as an economic person and a subject of production relations does not complicate relations but, conversely, brings to light their intrinsically rather complex nature.

As to the charge that apparently I reduce the interests of the collective merely to that of wages and the interests of the enterprise merely to profits, this appears to me to be a case of the extreme interpretation of some phenomena in our economy and their simplification. Actually, their interrelationships are much more complex and could hardly be expressed merely with these two aspects, these two processes.

The following question was asked: "Does broadening the rights of the labor collective not represent broadening the economic autonomy of the economic unit?" Such economic independence exists by virtue of an objective necessity. Broadening the rights of the labor collective does not mean that it is artificially expanded but that we are seeking a way to coordinate the objective requirements inherent in a socialist society with the economic independence which is necessary for socialism.

Now as to the imperfections in the formation of profit, which I discussed in my paper. The question is quite specific. I bear in mind the method used to shape the profit today as an overall profit. Although not entirely accurately, it essentially expresses quantitatively, more or less the entire net income, the value of the entire added product which is created in the respective enterprise. We deduct from the overall profit in the form of turnover tax another part, which is the proportional tax on the profit. It is thus that the enterprise profit is established, reflecting its economic autonomy. I believe that in this mechanism (it is a question of mechanism) of the shaping of that part of the profit (the profit of the enterprise) we find certain shortcomings. This applies more especially to shaping the turnover tax and the proportional form of shaping the profit tax. It was precisely these two aspects that I had in mind.

"Do we not narrow commodity-monetary relations by saying that they are a form of economic tie among enterprises?" If we were to absolutize this concept, it would indeed narrow the functions of commodity-monetary relations. In this case, the attention is simply directed on that which was implied in the context of the report. Commodity-monetary relations have considerably broader functions in the socialist economy. However, as a form of dynamics of the social product they are also a form of economic ties among economic subjects.

This is essentially a manifestation of one of the basic, most essential and most important of their functions.

The last question I was asked is the following: What could be the functions of the enterprise after the labor collective has determined its social content? The concept of "labor collective-social content of the enterprise" remains, in my view, unclarified. Perhaps in the course of time I may find a certain explanation of this concept, at which point I would be able to express a more definite viewpoint.

As to the functions, I believe that differences between the functions of the enterprise and the labor collective do exist and that they must be brought to light and clarified. In his seventh lecture Comrade Zhivkov himself indicated this. This problem, however, is very difficult and complex.

I believe that we could resolve it only by fully acknowledging the relative autonomy of the enterprise and the labor collective as relatively separate persons.

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#### Statements, Questions, and Answers

Prof Dobrin Spasov: At this point, it may have been more useful to demarcate more clearly between two levels of discussion of methodological problems of socialist political economy: that which science experts describe, on the one hand, as the object level, i.e., the creation of the science of political economy itself, and that which is described as the meta level, i.e., the discussion of the method used in creating the science itself. It is as though the report submitted by Comrade Popov, for example, were on the meta level, whereas that of Comrade Aroyo were on the object level. A demarcation between the tasks and problems in this respect may have been useful. I realize that we certainly show a great deal of purely terminological differences. Perhaps the word "methodology" is used by philosophers in a manner different from the one you use. However, I fear that in your use of this word it would lose its specific significance and would become an indication of applied aspects in all sciences. Laws are studied. Such studies are not self-seeking and a knowledge of laws plays the role of method, for which reason you say that even specific socialist political economy is methodology. I repeat that if we follow this line, it seems to me that we would make the term methodology synonymous with science or the application of a science.

Many other questions could be asked on the methodological level. It seems as though Prof Nikola Popov has confused in his answers the meaning of the question I had asked of the objective nature of production relations and the conscious activities of people. The start of his report seems to offer the possibility of resuming a discussion which took place in our country several years ago, a discussion on the objective laws of social development and conscious human activities. You seem to create the impression that you support the weaker thesis expressed at that time: that some objective laws exist and conscious human activities exist which somehow can conceal these objective laws but in any case they remain outside of them, they remain something behind them. I believe that such an idea is erroneous.

Prof Nikola Popov: There is no such thing.

Prof Dobrin Spasov: Well, but here is what you say: "...Initially, the dialectics in the development of production relations, expressed by the people, is concealed behind their conscious activities." What does "initially is concealed behind their conscious activities" mean?

Prof Nikola Popov: An activity which has no objective nature and an objective foundation may be objectively separated.

Prof Dobrin Spasov: The very word "concealed" is shocking. I understand relations between objects to conceal human relations or relations among people as conscious beings. We must interpret very thoroughly the fact that the basic type of social activity, production or labor activity, is realized by individuals through their conscious activities from beginning to end. Without this aspect it would not be a labor activity, it would not be a specific human activity.

Prof Nikola Popov: Human activities are always conscious.

Prof Dobrin Spasov: Yes. But how to understand the nature of objectivity? Probably these matters are of key significance for the future as well, with a view to understanding the applied part of political economy. However, they have not been sufficiently clarified in this case. I even seem to detect a certain conceptual difference of opinion between you and Comrade Slavcho Georgiev in your view on the subject of political economy. You seem to tend to include production forces in the economics of society. You say that "one of the basic problems of socialist political economy, among others, is that of laying the material and technical foundations," on p 9.

It may be important to understand the extent to which the correlation between production forces and production relations is a specific problem of socialist political economy.

Dr of Economic Sciences Slavcho Georgiev: That is the main thing.

Prof Dobrin Spasov: In connection with Comrade Popov's report, it is important to understand in what sense does political economy deal with the relationship between production and all other social activities. When you say that political economy is of methodological importance in all social sciences, naturally, you have in mind precisely this. It is as though you skip, you abandon the specific area of political economy and formulate something which we are familiar with as a concept of historical materialism.

In the methodological developments submitted here, I saw nothing related to the so-called systemic approach. It would be quite useful if you were to add something on this subject with a view to the methodology of political economy.

Comrade Slavcho Georgiev greatly insisted on the theoretical summation of economic practice as the main way of development of political economy. I do not wish to underestimate this aspect in the development of this science. In

our case, however, such a summation is an induction. It is a study of specific phenomena and the determination of various repetitions, various ratios and recurrences accuracies and laws. This is characteristic of the empirical approach. In contemporary science, however, the role of the theoretical aspect is increasing further and further. It seems to me that you seem to be underestimating it somewhat. This was the meaning of my question as to why do you object so categorically to the need to clarify basic concepts. Generally speaking, I do not see in the approach to the problems of socialist political economy the trend which science experts consider just about a universal system for scientific research. Generally speaking, not one of you has tried to determine, to begin with, the conditions which must be met by a science in order to be a science, and to assess the extent to which the existing socialist political economy meets these conditions and what should be done to develop it as a truly advanced scientific discipline. Without such conditions, it seems to me, we would be unable to understand much better the tasks facing the scientific development of the science known as socialist political economy.

Docent Dr of Economic Sciences Dimitur Yanchev: According to Marx, the social interest exists, on the one hand, as a separate form and, on the other, as a sum total of individual interests. Under socialism it may be found in both forms, for public ownership creates public interest as a separate form. Here, however, we have a public interest as a separate form. We have the existence of a collective interest and a private interest. All of them together form the public interest, which is both a separate form and a summation. If we were to reduce public interest merely to the sum of interests we would be unable to understand the difference between it under capitalism and under socialism, for under capitalism it exists as a sum. In our system it exists both as a sum and as a separate form.

The other position stems from the prerequisite that a difference exists between the shaping of economic relations and their realization. Is this confirmed? It is. When are the class interests of the working class established? Long before it becomes aware of it. Is such the case? It is. Furthermore, this concept is based on the stipulation that an interest may be realized by the owner accurately or inaccurately and fully or partially. Is this true? Naturally, it is. The subject of this interest may understand it accurately or inaccurately. The question is the following: if we consider that the interest or the law is a unity between the objective and the subjective, which form should we stress here in this case as the subjective aspect of the law: the accurate or the inaccurate? Laws exist regardless of whether we are aware of them or not. The difference between the two concepts is that the first considers consciousness as a reflection while the others as an internal attribute of the laws. From the viewpoint of which concept could we better determine the decisive role of the subjective factor? In my view, from the viewpoint of the concept which considers consciousness as a reflection. This concept may be supported by many other arguments.

I will merely mention the second question. Professor Spasov admonished one of the reporters for including production forces in the production process, that he considers them as a separate side. Why not? Production relations do not exist by themselves. People establish relations on the basis of some

grounds. If we exclude production forces when we consider ownership relations we would deprive such production relations of their real content.

Prof Aleksi Aleksiev: I would like Professor Spasov to concretize, if possible, his assessments and views on the role of quantitative methods and their contribution to the qualitative characterization and assessment of economic phenomena and processes. What is his view on quantitative methods and what could they yield, what could be expected of them?

Second, again in this connection, is there anything specific which we could look for in order to enrich that which the classics have applied in their study of the capitalist social system in our analysis of socialism? Something specific to the methodology of the study of socialist production relations, for it seems to me that a large number of the endless discussions deal with the fact that when we undertake the study of one phenomenon and process or another, we do not determine methodologically the tools we are about to use.

Prof Dobrin Spasov: I am surprised that Docent Yanchev, for example, did not understand me completely. He classified what I said or part of what I said as a concept of the objective laws of social development being a unity between the objective and the subjective. Actually, what I meant was that the objective laws of social development are, naturally, only objective. However, this does not prevent them from being laws governing the conscious activities of the people. I reason as follows: in the final account, social life, the entire society, to use Marx's words, are the product of interaction among people; social life consists of human activities. There is nothing in society which remains outside human activities. The basic feature of such activities, naturally, are labor activities, the production of means of existence. Nevertheless, in Marx's formulation, which is clear to all, labor remains the purposeful activity. In my view, this framework excludes the possibility of discovering laws which could be both social and be manifested somewhere outside the activities of individuals, outside their purposeful activities. That is why I expressed some doubt as to the accuracy of the formulation to the effect that the conscious activities of the people conceal somehow its objective nature. They do not conceal it, for they are manifested through it.

At that point, however, what is the meaning of the objective nature of social laws? This too may be found in the works of the classics of our theory. It is clear, on the one hand, that individuals, as they pursue their objectives, do not usually predict the social, the integral result of what later turns into social consequences. This is one of the meanings. On the other hand, we should not forget that all people begin their activities within already established structures. If you wish, since birth, man finds himself in a specific position within this system, which also determines his needs, his interests and his objectives even. It is by following these directions that we can understand both the objective nature of what we describe as social laws and refuse to seek them somewhere outside the conscious activities of individuals. The word "conscious" in this context, however, has another meaning as well: all human activities are conscious activities of individual

human beings. However, such beings could understand to a greater or lesser extent the so-called objective laws, be aware of them and know them. This distinction between consciousness and unconsciousness could be described more accurately, to avoid any terminological confusion, as spontaneity, etc. Unless we distinguish among such items we may reach a certain stage of confusion.

Other questions were raised here which I find difficult to answer. In particular, I would find myself in a very uncomfortable position were I to try to answer the question of quantitative methods in socialist political economy.

Professor Dr of Economic Sciences Zhak Aroyo: Comrade Slavcho Georgiev said that we should not "tear each other apart." I do not think that we will be "tearing each other apart." Conversely, I believe that we shall be helping one another in identifying problems and clarifying our views on such problems and thus reach certain conclusions without imagining that in this round table discussion we shall be able to find a definitive solution to the problems. In this connection, I would like to draw your attention to some problems which were raised in the first two reports and to express my view on them to the extent to which they are debatable, it seems to me, in terms of their nature and deserve a certain response.

The first question applies to Comrade Slavcho Georgiev's stipulation of the so-called supreme owner. Other colleagues as well have published their view on this matter. It introduces a new concept, a new category in political economy--the supreme owner. It seems to me that it is incorrect as a concept and, even more so, as an economic category. If the state or the people are the supreme owner, naturally, the question arises of who is the non-supreme owner? The very formulation of the concept of supreme owner presumes that someone else is not the supreme owner. Would that be the labor collective? It is pointed out that, in a certain sense, the labor collective is the owner. This is true. As part of the entire nation, in a certain sense it is indeed the owner. However, could we say in this case that it is not the supreme owner? Generally speaking, I would like a debate on the following: do we have the right to introduce this concept?

I read in a published work that the concept of supreme owner is countered by that of the direct manager, i.e., that the state is the supreme owner and the enterprise is the direct manager. In what way is the reciprocity between the "supreme owner" to be found in the concept of "direct manager?" It seems to me that this reciprocity is groundless. The reciprocity of the direct manager is the indirect manager. That is why the concept of "supreme owner" appears to me unconfirmed. We should clarify concepts and purge our terminology from what is erroneous and not worthy of confirmation. I believe that there are no grounds to identify the enterprise with the economic manager and the director of the respective enterprise, as we heard in the first report, and the labor collective. The connection among the enterprise, the economic manager and the labor collective is unquestionably a fact. However, this does not eliminate differences among them. The objection that the enterprise exists in fact only through the labor collective does not eliminate the difference between them. The same objection may be applied regarding the state:

the state is nothing other than the people themselves. It is equally groundless to identify the labor collective with the worker within it and to consider them as a joint agent, as a combined economic person. This deprives us of the possibility of determining differences between these two subjects, the difference between the worker and the labor collective and the possibility of the existence of contradictions between them. Although the worker is part of the labor collective, and although the labor collective is the sum of the workers, the fact that the workers have been unified and that this unification assumes the shape of a separate entity separates by itself the collective from its structural component and creates prerequisites for differences and contradictions between them, i.e., between the labor collective and the worker. It seems to me that we have no reason to consider economic interest as a production relations as described in the report I mentioned. It is merely a manifestation of a production relation.

My other question deals with the basic contradiction under socialism. I cannot accept Slavcho Georgiev's formulation. It is a question not of an essential objection but of the precision of the formulation regarding the basic economic contradiction. In my view, Slavcho Georgiev has adopted a proper starting position in looking for the basic economic contradiction in direct connection with the study of the basic production relation and as its extension. In formulating it, however, he abandons this initial position. In the final account, the basic production relation is related to appropriation, to social and individual appropriation. This leads to the subjects of this basic relation--society as a whole and the individual as a separate part of society. Consequently, we should seek the basic economic contradiction in the area of appropriation, in the contradiction between social and individual appropriation, applicable to the communist society as a whole, including both its phases rather than the socialist phase alone.

These are a few of the aspects of Slavcho Georgiev's report which I raise for discussion. They pertain to very important, very essential problems which deserve our attention.

I would like to raise two questions related to the report by Professor Popov. The first applies to the place, role and significance of cooperative ownership in our contemporary Bulgarian economy.

It seems to me that we are idealizing some old phenomena and forms which appeared and existed under specific circumstances, and that, to a certain extent, we are displaying, figuratively speaking, a romanticism by defending forms which functioned under now-obsolete historical conditions, ignoring the fact that any level of development of society requires suitable forms in which production relations are manifested.

We should not be looking back at cooperative ownership, which appeared under the very specific conditions of our development, the development of our socialist revolution, but seek forms of development consistent with contemporary production forces.

Professor Popov said that essentially the creation of the contemporary brigade in agriculture is a return to cooperative ownership. I disagree.

It is true that the contemporary agricultural brigade is similar to the former labor cooperative farm in terms of size. I repeat, in terms of size. However, it exists under entirely different circumstances governed by agricultural mechanization, the consolidation of economic units within it and a number of other new phenomena. The contemporary brigade in agriculture is not a form of return to cooperative ownership but a search--I will not claim that we have found it--for a solution which will create a consistency between the contemporary development of production forces in agriculture and the form in which they must take place.

Prof Nikola Popov: This is not so.

Prof Zhak Aroyo: The brigade exists within the framework of the entire agro-industrial complex. It is an individual unit within the entity. It is a new feature which creates prerequisites for an entirely different agricultural organization, concentration, specialization and mechanization. Under these new circumstances of agricultural concentration, mechanization and specialization, the brigade develops as a unit which can unify the interests of a relatively more limited collective and subordinate it to the general interest of the larger collective.

Prof Zdravko Kovachev: Nevertheless, Professor Aroyo, abstract logical structures should be linked with an assessment and real facts taken into consideration. In the GDR, and not in the GDR alone, material production forces in agriculture are much more developed. Nevertheless, the people there have not drawn the conclusion that the cooperative form of ownership has exhausted its socioeconomic possibilities. This leads to a different question: the forms of social organization, related to the forms of ownership, must nevertheless always be checked from the viewpoint of actual results which have been provided by the new organizational forms of this ownership.

Prof Zhak Aroyo: Precisely. I fully agree with Comrade Kovachev's stipulations. However, I cannot at this point back up my claims or indicate facts and figures. I think, however, that in our entire life and in the life of the other socialist countries we find adequate proof of the contradictions which have appeared in the development of agriculture and the forms which this development takes. Such contradictions must be resolved. The solution cannot be found merely by identifying the respective forms which would create incentives for agricultural development. Our cooperative agriculture gave a strong impetus to the development of production forces and achieved a number of good indicators. This was helped, above all, by cooperation, by the creation of cooperative ownership. However, we reached a certain level at which we either had to find new forms consistent with the level of production forces we had reached or stop on that level. These are the phenomena of reality. These are the contradictions of life which we are trying to resolve.

As to the property of the whole people, we mandatorily conceive of its development through the creation of state enterprises with a strongly developed centralism. However, is it a fact that state enterprises with a strongly developed centralism have sharply clashed with the development of production

forces, the scale of development of our economy and the overall development of our contemporary economy and that they, I repeat, alienated the working people from the direction production process and created prerequisites for everyone to take from the public property as though it was not his own, with absolutely no moral restraints. Was it necessary to seek a means of resolving the contradictions? Why is it that we mandatorily demand of this form to be an even greater centralization, an even great emphasis of the state principle in the organization of the socialist enterprise? It is a fact that our industry is unable to make use of the great advantages of the socialist economy. It is a fact that the efficiency of our production process could have become greater by one-third had we introduced some kind of mechanism and organization of the production process which would have utilized all the advantages of its socialist nature. Is this a contradiction of our reality? Is this a contradiction of our economy? It is obvious that the contradiction between the development of public production in our country and the organization of this production has become aggravated, for which reason we should develop a form consistent with this level of production development.

Senior Scientific Associate S. T. Stoilov: The reports lead to the following question: Are problems of incentive as a booster of qualitative management and surmounting the elements of alienation of the working person from ownership resolved by proclaiming the labor collective the manager? Instead of asking questions I would like to express briefly some considerations relative to this problem.

It is an unquestionable fact that all members of the socialist community are developing and experimenting with new methods and approaches in the area of economic management. The current economic mechanisms are not ensuring the satisfactory utilization of the tremendous potential of the socialist system for dynamic and highly effective economic growth. That is why the basic problem of socialist economic theory and practice for the last quarter of our century has been and remains the creation and systematic application of an economic mechanism consistent with a developed socialist society and an intensive economy; a mechanism which, with the help of economic means, will lead to the extensive utilization of scientific and technical achievements, systematic economy and enhancement of quality, a mechanism which will create an economic circumstance for accelerated innovation in the entire national economy.

We must recognize that economic theory, although it has developed a number of ideas and concepts in this respect, some of which, in a variety of combinations are used in the developed management systems in the individual countries, has still not offered us a system of noncontradictory uniform solutions of basic economic and social problems to which the development of an efficient mechanism consistent with these requirements is linked.

Leaving aside the area of abstract considerations and proceeding on the basis of real economic processes, we must agree with the fact that the large socioeconomic problem is to find, on the basis of socialist ownership under contemporary conditions, an effective catalyst for the interest and incentive of economic organizations and labor collectives, seeking and utilizing the most

efficient variants in resolving economic, technological, investment and organizational problems of production-economic activities, taking as a criterion the maximizing of end results of individual economic organizations. This is possible only if the competition, the socialist rivalry among economic organizations are developed steadily.

The planned socialist economy will be retuned to meet the requirements of intensification the more successfully the more completely and directly the situation of the economic organizations and the end results of labor collectives are shaped under the influence of the domestic and foreign markets. Without this dependency and its full consequences, without competition and the possibility of a choice by the consumer--whether an individual or an economic organization--economic autonomy would be largely fictitious and incentives for innovation and efficient management would remain insufficiently effective. This presumes, not in the last place, to make it a principle of state economic policy to assist mainly those who work well, those who achieve better market positions and high profitability, particularly on the foreign market.

Obviously, the development of such an economic circumstance would require firm progress in the development of the planned system, the mechanism of linking the domestic with the foreign market, price setting, income distribution and wages, and the use of the competitive principle in all economic areas.

This method must be used in resolving not only the economic problems of the mechanism but a number of social problems as well, surmounting old forms, concepts, etc. We have every reason to believe that resources of socialist ownership in this respect remain largely untapped.

This is also the basis for the virtually universal conviction of economists and theoretical and practical workers that the elaboration and application of an economic mechanism consistent with developed socialism would ensure, all other conditions being equal, a significant improvement in the efficient utilization of available resources.

We see, therefore, that the results which will be highly profitable in our efforts to resolve this difficult problem, would be quite high.

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Professor Dr of Philosophical Sciences Vasil Vichev: The Dialectics of Social, Collective and Private Interests

The stipulation of the owner and the manager of socialist property is of crucial significance in the further uniform development of social, collective and private interests in building mature socialism and accelerating social progress and in the viability of society and the optimal functioning of its structures. This theoretical discovery reveals with particular clarity the ability of our party promptly to find an answer to arising social needs and to seek and formulate the type of social forecasts and solutions which accelerate progress. In this case, as Comrade T. Zhivkov points out, it is a

question of the problem-theoretical substantiation of a new form of even stronger connection between private and collective interests and social interests and developing individual collective initiative and ensuring a new and more efficient link between people and productive capital. The practical implementation of this concept means the creation of a "new economic link" among society, the collective and the individual and improving this triad of interests based on socioeconomic levers and incentives.

Social interest under socialism expresses not only the dependence among individuals and social groups, based on the division of labor (this exists under capitalism as well) but also the dependence (which is qualitatively new) of the well-being and freedom of one and all based on the level reached in the development of the economy and culture.

Social needs are a characteristic summation of the unity and contradiction between the needs of the individual and of the public production process. The satisfaction of public needs creates conditions not only for the fuller satisfaction of private needs but also ensures their quantitative and qualitative development and enrichment.

While justifiably stressing the leading role or the primacy of social interests under socialism, for a long time philosophical-sociological thinking underestimated the problem of the private interest as the base and source of social activeness. Quite frequently this interest was considered as the only source of the "small truth." The leading role of the social interest was considered separate from the new content of private and group interests, rather than as an indivisible aspect or element of such interests.

Furthermore, the unity among social, collective and individual interests is quite frequently derived directly from the existence of the social ownership of productive capital and, on this basis, leads to the erroneous concept of its "unilinear" or "idyllic" advancement. Since the social interests are the concentrated manifestation of the main objective of social production under socialism--ensuring the full well-being and free all-round development of all members of society, they coincide with the private interest. However, they coincide precisely in terms of their nature and are not entirely identical.

Like any other scientific classification, the three-stage separation of interests (social, group and individual and personal) reflects the most essential feature in the system of social needs. However, it does not express their entire characteristics based on specific professional, sectorial and other conditions of labor activities. Within the framework of the group interests of the enterprise, the trust, the APK [agroindustrial complex], etc., a differentiated system of different interests may be found. Furthermore, individual, group and social interests are not separate distinct areas but a single chain of interrelated interests which are realized in the course of material and spiritual production.

The specific nature of the unity of interests under socialism consists of the fact that they have a common purpose, that they are free from antagonisms. "This circumstance," V. Kulikov stresses, "is exceptionally essential with-

out, however, eliminating the stipulation that the unity of such interests is always actually attained only through their interaction, through the realization of each one of them as relatively separate in the course of such interaction. Absolutizing any one interest to the detriment of the others violates their unity. It is possible to subordinate production to the interests of society only by satisfying collective and private interests. The opposite is equally just: the realization of the collective and individual interest can "operate" in favor of strengthening the unity of interests only when it is channeled into the bed of the social interest."<sup>1</sup>

The social interest is not a mechanical combination of the interests of the state, the collective and the individual, but an organic triad, in which no single element can exist separately, but only in a state of reciprocal dependence. The socialist social organism functions normally when all parts of the three-in-one interest, despite its specific and independent nature, develop in such a way as to enrich and stimulate the other parts.

Under socialism, the dialectics of interests is such that the private interest becomes increasingly coincident with the social interest and the social interest increasingly includes within it the individual interest and, on this basis (rather than simply through "subordination") the social activeness of the people grows and will continue to grow further.

Social and individual interests interpenetrate without entirely coinciding. They do not coincide above all in terms of content. The private interest, related to the unique existence of the individual and the requirements governing his individual existence and development, cannot express the entire variety and wealth of social interests related to the functioning and development of society as an integral organism. At the same time, the interests of the social community as well can never entirely cover individual needs and interests. Consequently, triunity is not mechanical but dialectical. Contradictions and conflicts are possible among its components, which affect the nature of behavior. It depends, above all, on the real production relations within society, the existing distribution of productive capital, the correlation between accumulation and consumption, and the entire economic system of production planning, management and incentive. Real production relations under socialism (rather than the socialist form of ownership as a legal phenomenon) may or may not be consistent with the growth of production forces. They may accelerate or delay their development. They may strengthen the unity of interests or lead to their reciprocal alienation.

Each new stage in the development of socialism calls for the economic system and political organization of the society to be improved in such a way as to strengthen even further the unity among social, collective and private interests and optimally to develop all social forces for the acceleration of social progress. "If under socialist conditions relations between the working people and the political organization of society and its economic system do not increase but, conversely, weaken, this means that defective and dead units and nonworking forms have developed within them, ignoring the interests of the working people, triggering their discontent and undermining their faith in the justice of the existing economic and political system."<sup>2</sup>

Social interests become the source of social activeness when they lastingly penetrate into the "practical awareness" of the people. However, this "practical consciousness" penetration is not an ordinary act of propaganda, although it always presumes the ideal anticipation of corresponding social relations. The social interest must be "advantageous" to the individual, for only then could we eliminate the pitting between the social and the private and the concept that society is something "alien."

Social interests become a motivating force of individual behavior only when they are refracted through the private interests, when the individual not only realizes but directly feels the need for their realization as his own advantage. A society which demands of the individual constant sacrifices for the sake of distant and abstract objectives, which limits individual interests and which standardizes social qualities and human characteristics, not only alienates social interest from the true interests of the people but dooms itself to stagnation and death, undermining the most profound sources of social activeness. It is not only the individual who must take into consideration the interests of society but society as well, with its agencies and organizations, must combine the interests of society with those of the individual.

The various institutions of the socialist society--state, economic, socio-political, etc.--express the social interests. However, due to weaknesses and shortcomings in their activities (bureaucratism, cumbersomeness, low responsibility for implementation of decisions, excessive regulation of activities of lower units, etc.) they could hinder the successful implementation of these interests or else misshape them in such a way as to convert them into narrow group, departmental or private interests. That is precisely why the 12th BCP Congress paid particular attention to decisively improving party control over the activities of the bodies and institutions of the political system, the development of socialist democracy, respect for the individual interests of the citizens and the development of their initiative. "A political approach is necessary, to guarantee the inviolability of the rights of primary collectives and units and the individual working person from encroachments by bureaucratic regulations and arbitrary decisions of superior agencies."<sup>3</sup>

Since the social interests are realized through the variety of individual interests, the proper control of such interests is the permanent task of social management. It is obvious that this problem cannot be resolved by the one-sided subordination of individual to social interests or the spontaneous or uncontrolled "blossoming" of personal advantages at the expense of lasting social interests. Objectively, however, the historical value of social interests cannot by itself determine individual behavior if it remains neutral (materially or ideally) to individual needs and inclinations.

In applying and developing creatively the Leninist principles of economic management, after the April Plenum the party's economic policy has been characterized by the steady advancement of economic levers and mechanisms used in strengthening the unity between personal and social interests. Since commodity-monetary relations continue to operate in the entire reproduction

process, our party pays exceptional attention to their fullest possible utilization in planning and managing private, group and social interests.

The new economic approach and its mechanism stimulate and develop individual interest as a factor in the implementation of the social interest. The individual (group) interest under socialism stops being egotistical when its opposition to the social interest has been objectively eliminated or totally outlived. This opposition, however, cannot be surmounted and eliminated without changing material living conditions and the mechanisms through which the individual or the group become involved with the realization of the social interests. The most important levers used in surmounting any opposition and ensuring the triunity of interests, on which the new economic mechanism is based, include cost accounting, the self-support of socialist economic organizations and the systematic implementation of the wage system based on the quantity and quality of labor, in the course of which wages become a resulting, a residual value.

The transformation of production collectives into managers of socialist property intensifies even further their interest in managing it with maximal efficiency and multiplying and developing it in the interests of the state, the people and their own interest. The advancement and development of political relations in our country should "be organized consistently and entirely on the firm foundations of the unity among the interests of society, the collectives and the individual working people. Such interests must be combined in such a way as to encourage the manifestation of the main motive force of our development: the sociolabor initiative and activeness of labor collectives and individual working people."<sup>4</sup>

The April party line has always been alien to petit bourgeois equalization concepts, for it takes into consideration the fact that we live under socialism rather than under communism, and that material incentive is a mandatory prerequisite for the development of the economy and, in general, for upgrading human labor activeness. At the same time, our party has always paid attention to the fact that material incentive has adverse educational consequences as well if it is not applied on the basis of the quantity and quality of labor, if it is separated from spiritual incentive and if it is not accompanied by purposeful educational activities. The concept of labor as merely a means of earning a certain wage does not in itself prove the socialist maturity of the mind. Past experience indicates with increasing clarity the need for a comprehensive improvement of labor incentives and the harm caused by manifestations of consumerism and the irresponsible attitude toward labor and "infinite hedonism" of some young people, as well as the danger of the ideas of holding an easy light-hearted job under the conditions of the scientific and technical revolution, etc.

Whenever material incentive is inconsistent with the "enhancement" of spiritual needs, or else when the material conditions of existence force the people always to be concerned with the well-being of their families, individual interests quite clearly become distorted in the sense of consumerism and alienated from collectivistic norms. The violation of the basic principle of socialism--the vital benefits of the people to be consistent with their work--triggers a number of adverse phenomena.

Unfortunately, the problem of labor interests and incentives is not being developed in its entirety and comprehensiveness. Practical experience abounds in examples of formal or unfair utilization of material incentives (padding bonuses for work not done, improper recording of plan fulfillments, etc.). Not only individual planning workers, economists and managers but even some sociologists in our country are still thinking and acting in accordance with the categories of Laplacian determinism: if we pay more the people will work better and will be more interested in the results of their work, which will increase productivity. Practical experience, however, has proved to be much more complex and contradictory.

The theoretical elaboration of these problems quite frequently operates in the realm of abstract summations and fails to provide prompt answers to a number of questions raised by the application of the economic mechanism: how to link most efficiently production, distribution and consumption at the present stage in the development of socialism (in this area there are frequent cases of "proving" the proven, such as the link between the level of production and that of consumption, without, however, developing the specific criteria for determining the optimal correlation between them), and the fact that in setting wages we must consider the significance which a given job has in terms of society and the satisfaction of social needs. Social significance is quite frequently related to the prestige enjoyed by one sector or another or one establishment or another, the result being that different wages are paid for equal labor, depending on where it is applied (whether it is just to pay different wages for the same results in different sectors, what form of wages is more efficient--individual or brigade-collective, etc., etc.). These problems are topics of violent discussions in virtually all socialist countries. It is justifiably being stressed in such discussions that the lack of clear theoretical concepts and the dogmatic slavery to obsolete ideas and abstract schemes seriously hinder economic management.

It is necessary not only to take into consideration the vital needs and interests of the working people, the dynamics of their changes and the level reached in political and cultural developments, but also steadily to improve the mechanism for stimulating political and labor-production activeness and seeking the type of forms of interconnection among interests in which every individual social member, pursuing his interests, will maximally contribute to the implementation of the interests of the production collective which, in turn, will contribute to the implementation of the basic social objectives and tasks.

The strengthening of the socioclass and ideological unity of the people, the changes in the nature and content of labor, the enhancement of the general and specialized training of the working people, the increased amount of leisure time and other factors formulate new requirements concerning the system of material and spiritual incentive. Its forms must be consistent with the new laws, social mechanisms and tasks during the stage of building a developed socialist society. A new approach is necessary in terms of labor incentive, not as the simple sum of means for encouraging it but as a complex of interrelated and interpenetrating measures which would be steadily enriched and exert an overall influence on the increasingly active participation of all working people in production and sociopolitical life.

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Docent Dr of Economic Sciences Dimitur Yanchev: Subjects of Production Relations Under Socialism

One of the most important, topical and difficult problems of economic theory and practice at the present stage is that of the subjects of socialist production relations. It is no accident that this problem has occupied a central position in the works of Comrade T. Zhivkov after the 12th Party Congress.

Relations of national ownership are the base in identifying and substantiating the subjects of socialist production relations. As in the case of all other ownership, they are manifested and realized through the categories of appropriation, handling, possession and management. In the final account, the meaning of the differentiation of nationwide ownership through these categories is reduced to stressing the fact that the subject of some ownership categories (appropriation and handling) may be only the owner while of others (possession and management), the owner or any other empowered individual or, respectively, the labor collective. At the present stage in our country society is the subject of appropriation and handling while the subject of possession and management is the labor collective, as a result of which the relations between society and the labor collective are economic.

The question is the following: In what sense should we consider society as the subject of socialist ownership? Is it in the sense of the sum of all individuals and collectives combined or as an individual and separate subject? In our view, it should be the second.

We know that two basic concepts of the social interest prevail in bourgeois political economy: the first generally rejects the existence of a public interest; the second acknowledges this interest only as the sum of all interests in their general interconnection and, consequently, as a common economic category of any society based on the social division of labor. We also know that, misrepresenting the meaning of the economic reforms in the socialist countries, bourgeois authors and reformists try to prove that they show an evolution of real socialism toward the theory of "market socialism," which acknowledges private interests as the only real interests and the social interests as the sum of these private interests. In order to expose their groundlessness, we must proceed from the fact that unlike the capitalist society, the socialist society is a separate subject of production relations and the social interest is a separate form of economic interest which co-exists with other forms.

The definition of the socialist society as a subject of production relations and of its interest as a separate form of interest, which plays the role of basic link in the system of socialist economic interests, runs throughout the new works of Comrade T. Zhivkov, written after the 12th Party Congress. These works clearly prove that the basic problem of economic theory and practice at the present stage in our country is the problem of society as the owner and the labor collective as the manager of socialist property and the demarcation between the rights and responsibilities of the two subjects in

the reproduction process, in the course of which the leading role of the social interest is outlined. "...We are a society in which the national interests, the interests of the working people, as the left-wing socialists used to say, are above everything else."<sup>5</sup> Elsewhere, he stresses that "the stipulation of the labor collective as the manager is a manifestation of a social necessity realized by the party: finding a new method for linking even more completely individual and collective interests with the social interest and developing individual and collective initiative and ensuring a new and more efficient link between people and productive capital."<sup>6</sup>

Strengthening the role and significance of individuals and labor collectives as subjects of production relations and of their specific economic interests confirms not the elimination or belittling the role of society as a subject of production relations but the fact that conditions have now been established for the fuller manifestation and realization of its existence as the sum of all subjects in their interconnection and of the social interest as the sum of all interests. In order to prevent under such circumstances for society as a separate subject to blend within the other subjects or, conversely, for the other subjects to blend within society as a separate subject, we must proceed in the economic organization and management of the production process from the stipulation that individual subjects exist and function on the basis of the "side by side" principle rather than the principle of "some through others." This principle does not belittle but increasingly emphasizes the priority of the basic subject and his specific interest under the conditions of the relative autonomy of the other subjects and their specific interests. In our view, the "side by side" principle is one of the most important theoretical foundations of the economic approach and its mechanism.

As a subject of production relations, society performs its economic functions through the state which, at the socialist stage, is the most comprehensive and authoritative agency of society and can best protect, organize, utilize, develop, and so on, socialist property.

In considering the socialist state as a subject of production relations, some authors reach the accurate conclusion that not only the state as a whole but its agencies as well, which perform economic functions to one extent or another, should be considered subjects of production relations: "The intensification of the analysis and concretizing of these (economic--the author) relations, taking into consideration the variety of specific features of socialist socialization, its breakdown in areas, sectors, regions and so on, enables us to bring to light the multiplicity of functional forms of the main subject, each one of which, in turn, is also manifested as the subject of production relations but, this time, divided into more specific groups."<sup>7</sup> At this point, however, the following basic question arises: how to explain from the viewpoint of this concept the fact that the property of the whole people is single and indivisible and that the state is the agency of society, as a result of which it is not entirely encompassed by the concept of "society." In our view, these aspects of the problem cannot be coordinated. That is why we share fully the idea expressed by Ya. Kronrod that "under socialism the people and the people alone are the subject of appropriation. The state

is an apparatus, a form of power which preserves and organizes the appropriation by the whole nation. In itself, the state does not appropriate anything, for it is not a separate subject alongside the people.... The social interest is the interest of the people as a whole. It can be expressed by the people alone. The state protects, organizes and realizes this interest...."8

The economic functions of the socialist state and its bodies confirm not that it is the owner of the public property as entrusted by society (the people) but that both the state and its agencies are subjects which, authorized by society (the people), perform the task of preserving, organizing and realizing the property of the whole people, i.e., that they are the subjects--the representatives of the nationwide appropriation and handling. These, like other economic categories, may have only one subject-carrier and a number of subjects--representatives of production relations. That is why it would be erroneous to say that the state and all of its agencies may be the bearers of nationwide appropriation. However, it would be entirely logical to believe that they (the state and its organs) are the subjects who represent the appropriation by the whole people.

Ownership and other production relations may manifest their political and economic existence providing that they express relations among different subjects. The question of the other subjects of socialist production relations--individuals and collectives--also arise in this connection.

In order to be a subject of production relations, under socialism the individual must be the bearer of either of two factors of socialist production: productive capital or manpower. The owner of productive capital is society as a whole with its subordinate collectives. The worker is the subject of the ownership of this production factor only in its quality as society or labor collective, i.e., as a member of society and the labor collective. As an individual, he may be the social bearer of manpower only. Thanks to the differentiation between the two production factors in terms of their affiliation, socialist ownership can be manifested and realized as a production relation between society and the individuals.

As the subject of production relations, the worker may be the owner or possessor of nothing but his manpower. Everything depends on who assumes concern for the reproduction of the worker as a labor force and an individual--the worker or society. Under socialist conditions, the care for the reproduction of the worker is assumed above all by himself, as a result of which he is the owner of his manpower. The status of the worker as the owner of the manpower also leads to his personal ownership of consumer goods under socialism.

The differentiation among production factors by ownership is a basic prerequisite for the manifestation and realization of ownership under any society, including socialism. This is explained by Marx's theory of ownership and, in particular, the stipulation that an isolated subject cannot create ownership relations. In socialist political economy the dominating concepts which question the social existence of socialist property and its social bearer have been adopted. By this we mean in particular the concept which defines society as the owner of both productive capital and manpower, as well as the

concept according to which under socialism there neither is nor could be a problem of ownership of the labor force, i.e., that it can be neither social nor individual. It is entirely clear that if society is the owner of both production factors, the public ownership of productive capital cannot be manifested as a socioproduction relation. Under such circumstances, it inevitably assumes the nature of an organizational-production relation between society and the individuals, i.e., the relationship between the subject (or subjects) and the object of ownership and, consequently, the nature of a material relation with all related theoretical and practical conclusions.

The second concept not only does not eliminate this shortcoming but intensifies and complicates it further. The point is that by denying the existence of the problem of the ownership of manpower under socialism, the supporters of this concept inevitably reached the conclusion that socialist property is both public and individual. According to Marx, socialist property can be public only. It follows from this that socialism does not eliminate the differentiation between the two production factors based on affiliation but merely the antagonistic form in which this differentiation is manifested and realized under the conditions of a class antagonistic society.

In terms of the worker as the subject of production relations under socialism, some stipulations formulated by Comrade T. Zhivkov in his works subsequent to the 12th Party Congress are of particularly great interest. Some of them expressly emphasize the possibility and necessity of proceeding from the premise that "the parties to the labor contract are equal and can freely discuss the obligations of the organization in connection with labor conditions, providing housing and other amenities, helping to upgrade education or skills, etc., in the course of concluding individual labor contracts. By contract the worker can also assume additional obligations."<sup>9</sup> These and many other definitions found in T. Zhivkov's new developments could hardly be explained from the viewpoint of the concept which defines society as the subject and the two production factors, or the concept which denies the existence of the problem of ownership of manpower under socialism.

The meaning of the two factors of socialist production being differentiated, in which the owner of productive capital is society while the owner of manpower is the worker, is that the question of the labor contract as a form of combining these factors within the labor process is above all economic. The legal side of such contracts is of a derivative, a secondary nature; it records their economic existence. In outlining the economic aspects of labor contracts, political economy could, both theoretically and practically, help to enhance the prestige of these contracts and to surmount some difficulties in connection with the juridical manifestation of relations between society and the individuals under the conditions of the new economic approach and its mechanism in our country.

Unquestionably, in order to determine and substantiate as socioproduction relations not only the two production factors but the private ownership of consumer goods and in order that it may assume its legitimate place in the system of production relations, we must accept the fact that under socialism the worker is the owner of his manpower. When concern for his reproduction

as manpower and as an individual becomes above all the concern of society, it may be assumed that the worker will lose his quality as the owner of the private production factor. At that point he will merely remain its possessor. Under these circumstances, private ownership will be converted into personal possession. In our view, such is the dialectics of this important category under socialism.

We know that prior to the establishment of the new economic approach and its mechanism, the socialist enterprise and the labor collective were considered in our country both the owners and managers of socialist property. On the other hand, however, they were denied the role of subjects of production relations. This erroneous concept was based on the "purely" legal and material interpretation of the categories of possession and management. In turn, this interpretation led to another major shortcoming: the development of the concept that legal categories are a manifestation of simply willful relations and are independent of economics. This shortcoming has not been entirely surmounted to this day.

Comrade T. Zhivkov deserves particular credit for the fact that in his new works after the 12th Party Congress he not only rehabilitated the political and economic content of the categories of possession and management but also the proper Marxist-Leninist concept of legal categories as a record of economic categories. These developments enriched Marxist-Leninist theory and practice with a number of new conclusions.

Comrade T. Zhivkov's developments prove that in order to identify and substantiate the labor collective as the subject of production relations we must, on the one hand, definitively eliminate the erroneous concept of possession and management as being purely juridical or material categories and, on the other, answer the following two questions: a) Who could be the subject of possession and management under the conditions of the separation of these categories from socialist ownership; b) What is the place and role of the socialist enterprise as the subject of economic activities in the system of socialist production relations. It is precisely on these basic problems that no unanimous view exists in economic publications. Differences apply in this case not to secondary but to basic, to essential aspects of the problem.

The opinion prevails that not only the labor collective but society at large is the subject of economic management. Unquestionably, as represented by its state bodies, society performs quite important economic functions. However, this is no sufficient ground to believe that it is the "supreme" or "common manager" of the property, alongside the labor collective as the "direct" or "partial" manager. In the "division" of ownership functions between society and the labor collective, the need to differentiate the ownership content through the categories of appropriation, handling and managing loses its theoretical and practical meaning. This necessity is based on the fact, confirmed by our entire historical development so far, that the subject who is the bearer of some of the ownership categories (appropriation and handling) can be exclusively the owner, while that of other (possession and management) could be either the owner or any other individual indicated by the owner. Furthermore, in the "allocation" of the possession and management functions

between two subjects, with the "double citizenship" of these categories, relations between the owner and the possessor as separate subjects no longer have the nature of economic relations. They express at this point not a relationship between them but their joint attitude toward the object of ownership. Consciously or subconsciously, as a result of this "double citizenship" of possession and management, the concept is established that what matters under socialism are not relations among subjects or, respectively, between society and the labor collective, but their joint attitude toward productive capital, i.e., the material interpretation of such relations.

By undermining the political-economic existence of possession and management, the concept of the "double citizenship" of these categories complicates the solution of other important theoretical and practical problems. Thus, for example, it is entirely logical to assume that since the labor collective and society could be jointly the subject of possession and management, it may be assumed they could also be the subjects of the other two ownership categories -- appropriation and handling. This destroys the social existence of all categories of the internal ownership structure. Under these circumstances, the economic methods of economic management lose their meaning and significance. Let us consider another example. We know that separating the expenditures of the enterprise from those of society for production and marketing of goods is based on the economic autonomy of the enterprise and its labor collective. We also know that the distinction made between these outlays leads to the need to convert the added product into profit. It is obvious that these aspects of relations under socialism cannot be coordinated with the concept of the "double citizenship" of possession and management.

In substantiating their concept of society as one of the subjects of possession and management, some authors refer to some definitions in Comrade T. Zhivkov's new developments. A more detailed consideration of his formulations, however, indicates that they do not confirm but rather refute the concept of the "double citizenship" of management. Let us consider the definition most frequently used of late in support of this concept. "...The distinction which we make between the state as the owner and the labor collective as the manager should not be absolutized. In our socialist state the owner and the manager are in a state of dialectical unity. By claiming that the state is the owner of socialist property we do not mean that it cannot resolve economic problems and, in this sense, perform managerial functions as well. These functions, however, apply to the national economy as a whole. They are secured through the state plan."<sup>10</sup> As we can see, this states that the distinction between the two subjects should not be absolutized rather than that it is not necessary. It is a question of the fact that the owner and the manager should be considered in a state of dialectical unity rather than as blending, and that by virtue of its status as the owner the state cannot fail to perform certain managerial functions and, in this sense, specific functions as a manager.

Some of the basic methodological errors of the "double citizenship" concept is that it does not distinguish between handling and managing.

As a unity of production forces and production relations, the socialist enterprise is an economic category regardless of whether or not possession

and management have been separated or not separated from ownership. However, as a separate theoretical and practical problem, the enterprise may appear only under the conditions of the separation of possession and management from ownership.

Proceeding from the organic link between the enterprise and the labor collective as the manager of socialist property, Comrade T. Zhivkov stresses that "however, in our society the labor collective cannot exist and, consequently, cannot be the manager outside a specific social organization--economic or noneconomic--or outside its unit--the enterprise, shop, department, brigade, and so on. The economic organization is a form of existence of the labor collective and the labor collective is the main social content of the economic organization. In turn, the labor collective is not a strictly social formation engaged in purely performing production-economic activities. As represented by the general meeting or the meeting of representatives, it has been elevated to the status of the agency of the corresponding economic organization. In this manner the labor collective participates in the management of the organization. Its will becomes the will of the organization itself."<sup>11</sup> Under the conditions of the separation between possession and ownership, the situation of the enterprise as a subject coincides with that of the labor collective as the manager of socialist property.

The socialist enterprise is a form of existence not only of the labor collective as the manager but of society as a whole. This, however, is not in itself grounds for making it a separate subject of production relations alongside the labor collective.

The socialist enterprise could exist as a separate subject alongside the labor collective providing that possession and management are divided between the enterprise and the labor collective. This approach, however, is inconsistent with theory and practice. Thus, for example, from the viewpoint of Marx's theory, possession and management are personified within one and the same subject. This can be traced quite clearly in his theory of the double existence of capital as capital-ownership and capital-function, and in his theory of agrarian relations under capitalism. It is worth noting that in connection with the Bolshevik Party program on resolving the agrarian problem in Russia, V. I. Lenin pointed out that the landed estates should be immediately confiscated and made the possession of the peasants. Some of the normative documents passed during V. I. Lenin's time define the socialist enterprise as the bearer of possession and utilization (management). In both cases no distinction is made between the subject of possession and management.

Decentralization in economic management is being expanded and intensified at the present stage in our country's development. The purpose is to create conditions for the enterprise's administration to display greater autonomy in production organization and the labor collective to display its qualities as the manager of socialist property.

The socialist enterprise cannot be a separate subject of production relations alongside society, individuals and labor collectives under the conditions of the separation between possession and management and in the absence of such separation, as a result of which it cannot have its own specific economic

interests. In the separation of possession from the management of property, the status of the enterprise as an economic and juridical person is covered by the concept of the labor collective as the manager of socialist property, and its specific economic interest, with the collective interest. If we ignore this combination and consider the enterprise as a separate subject of production relations alongside the labor collective, we would inevitably depersonalize the labor collective as a separate subject of production relations, which would include its specific economic interest.

In order to gain an accurate understanding of the place and role of the socialist enterprise and its interests in the system of production relations and economic interest, we must distinguish between the concepts of "subject-carrier" and "subject-representative" of production relations. As was already pointed out in another connection, a production relation (or specific interest) can have only one subject-bearer and several subjects-representatives. Thus, for example, although the concept of "socialist enterprise" as a subject is covered by the concept of "labor collective" as the manager of socialist property, the enterprise, through its administration, is the subject-representative of the interests not only of the labor collective but also the other subjects of production relations, the nationwide appropriation and handling in particular and, consequently, the social interest. "The manager is not only a member of the labor collective and its representative in relations with state, economic and social bodies and organizations. He is, above all, the representative of the state which must defend the social interests and execute the policy of the state.

"With the broadening of labor democracy and the institution of the competitive and elective principle, his role becomes much more responsible: he must combine the two types of interest: those of the state and those of the collective."<sup>12</sup>

The problem of distinguishing between the concepts of "subject-bearer" and "subject-representative" of production relations is not only economical but juridical as well. At this point we would like to express the view that, on the basis of this distinction, we could overcome more easily some of the difficulties in connection with the legal manifestation of economic relations at the present stage in our country, difficulties which were discussed by Comrade T. Zhivkov in his seventh lecture to the students and teachers of the AONSU.

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Prof Dr of Economic Sciences Nikola Velikov: Important Factor in Public Production Incentive

I would like to discuss some problems of distribution which, as reality and social experience prove, have always been relevant.

In the light of the set of basic concepts on the nature of mature socialism and the practical approaches adopted in its development, a broad range of topical problems of socialist distribution appears. I do not intend to

describe them in full. It seems to me, however, that the following problems have assumed particular importance:

The significance and utilization of the methodological legacy of the Marxist-Leninist classics in the area of distribution;

The tie between distribution, in the broad and narrow meanings of the term, and the development of the socialist production and social organism and the tasks related to building a developed socialist society;

The utilization of technological structures of distribution under capitalism through proper adaptation to the conditions of socialist development.

This does not cover all problems. However, the time and place for their consideration are quite limited, for which reason I shall merely formulate them.

I shall comment on two aspects of the methodological legacy of the classics in the area of distribution.

First, a close study indicates that we have not used nor do we use currently to a sufficient extent their stipulations on the dependence of the distribution of the general income and its components on the distribution, status and dynamics of elements (the individual factor and productive capital) of the production process.

In particular, we have not resolved the problem of the utilization of this dependence in structural changes in the organic structure of the production process, caused by the entire society or else mainly by the labor collectives. We do not have a streamlined theory of the norm of the social product and its fluctuation under the influence of such changes. We have not sufficiently studied dependencies and have no mechanism consistent with such dependency with which to control individual income with the corresponding changes in the status (social, job, skill) of the individual production factor. The classics have developed on a broad and original scale not only the purely economic aspects of these dependencies but their sociopsychological aspects as well. It is our duty to "introduce" the charge provided by this legacy and to use it as a powerful factor in upgrading efficiency, for changes in production elements "correspond" actively to all phenomena and processes of real socialism.

At this point I have an answer to the question raised of the socialization of production and ownership in our agriculture. Behind it stands the following question: were we not too hasty in some respects with socialization? The corrections which were made in the parameters of socialization, in the organization of agricultural production in particular, are a specific indicator of the fact that we were hasty in some respects. However, we should bear in mind that the profound and dynamic changes which were made in the social organization of the elements of agricultural production were the shortest way to a drastic socialization of the individual consumption income (based on labor and social consumption funds), without which agricultural production

could not develop normally. Even when such processes are developed partially at the expense of efficiency, we should pay exceptional attention to their overall effectiveness. In turn, this is a symptom of the fact that under the influence of the objective course of development, the subjective factor, represented by leading party, state and economic bodies, used the methodological legacy of the classics in the area of distribution of production elements before they were clearly developed on our political and economic front. This should be the base for a number of serious conclusions on our part as to the functions and role of political and economic studies and summations in building mature socialism in our country.

Second, we have reason to claim that we are still quite far from making total use of the rich methodological legacy of the classics on the question of the nature of income in general as a resulting feature and income from distribution according to labor, wages, in particular.

At this point I would like to make a few preliminary remarks which I would ask you to take into consideration.

I think that we should not discuss the resulting nature of the individual income from distribution according to labor, of wages. Wages should have the nature of a result.

This stems from the stipulations of the Marxist-Leninist classics and the objective law on the basis of which wages and the other forms of distribution based on labor take shape.

To one extent or another, this is also confirmed by social experience, even though we may have been lacking an overall categorical concept of its resulting nature.

It seems to me, however, that we should give some thought to the stipulation of the residual nature of wages.

This stipulation parallels the stipulation of its nature as being a result. However, they are not equal or equally unquestionable. For this reason, in this area we should assume a closer and not quite categorical approach. By this I mean the following:

Wages may be a resulting without necessarily being a residual value.\* The residual nature of wages presumes taking into consideration the one-sided interests of a single one of the parties--in this case the entire society--ignoring the interests of the other subjects of distribution--the economic units and individual performers. Previous experience has confirmed that in the case of substantial changes in the size of the national income and the various levels--the general income--the changes have equally affected all the subjects of distribution. Consequently, in distribution we must take into consideration the interests of the "necessary" and the "added" product and the interests of all participants in socialist distribution.

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\* The residual nature of wages requires a special study, for which reason at this point it is merely noted in a most general manner.

Let us add to this the methodological legacy of K. Marx, which is quite interesting and offers a broad interpretation of the resulting nature of the individual income in production under capitalism and requires closer attention paid to the residual nature of wages under socialism.

Some of Marx's concepts expressed in his economic manuscripts of July 1857-March 1859 are of tremendous cognitive interest and exceptionally great scientific methodological significance for us. In these manuscripts, citing and sharply mocking Fr. Bastia, he writes as follows:

"1. All people aspire to a fixed income....

"Wages are a fixed form of payment, for which reason they are a very advanced form of association.

"('If capital assumes the risk, rewards for labor are fixed as wages. If labor would like to assume the good and bad consequences, the rewards of capital become known as interest'...).

"On the subject of point 1. Even if everything said by Bastia on the fixed nature of wages were accurate, the fact that wages are classified as fixed income would prevent us from understanding the actual nature and specific definition of wages. One aspect of wages, shared by other sources of income as well, would have been emphasized. Nothing more. Indeed, this would provide material for a lawyer who would like to plead in favor of the advantages of hired labor. However, this does not mean anything to the economist who would like to understand the specific features of this relationship in its entire scope.

"Therefore, instead of wages, consider fixed income. Is fixed income not something beautiful? Doesn't everyone like to rely on something assured? This particularly applies to all petit bourgeois, to all petty Frenchmen who are always in need....

"The opposite could also be and has been claimed. Consider wages as unfixed, i.e., as moving forward, beyond a certain point. Who does not like to go forward instead of trampling on the same spot? Consequently, is a relationship which provides the chance of bourgeois advancement ad infinitum bad?"<sup>13</sup>

My reason for citing such a lengthy excerpt by Marx is that it is exceptionally interesting, topical and relevant. Considering the impossibility of an extensive interpretation, allow me to note the following more important conclusions:

The question of the fixed or unfixed (resulting) amount of income, including wages, is not new;

Marx mocks efforts to provide one-sided solutions in this area, particularly efforts to mandatorily defend the fixed nature of wages;

The question of wages should be approached dialectically, taking into consideration a set of circumstances. The fixed nature indicates merely a

characteristic aspect of wages which is totally inadequate in terms of characterizing them as an economic category.

After considering a set of historical circumstances in socioeconomic systems which preceded the period of the establishment of wages under capitalism, Marx plunges into the discussion of the fixed and unfixed wage. He writes: "In all of these truly historical transitions, hired labor appears as the breakdown, the elimination of relations in which labor was fixed on all sides, in terms of income, content, place, amount, etc. Consequently, it was a rejection of the fixed nature of labor and wages."<sup>14</sup> By further pointing out that historically nonfixed wages are characteristic of hired labor (the opposite of Bastia's concept), Marx goes on to say that "all economists, when they speak of a given correlation between capital and hired labor and between profit and wages, proving to the worker that he has no right to participate in the chances of earning a profit and, in general, when they would like to calm the worker down as to his subordinate role in terms of the capitalist, they stress to him that unlike the capitalist, the worker has a certain fixed income which is more or less independent of the great adventures of capital. In the same manner Don Quixote consoled Sancho Panza that he may have been beaten thoroughly but there was no need to be brave....

"In the relationship between wages and profits and between hired labor and capital, the economists say, wages offer the advantages of fixed income."<sup>15</sup>

The subsequent methodological analysis provided by K. Marx in this respect is exceptionally interesting and relevant. For example, he shifts the question of the fixed wage to a far broader level compared to his opponents and compared to the way we consider this question under contemporary conditions. He writes the following: "Let us go back to the economists. What is the nature of this fixed wage? Are wages invariably fixed? This would entirely conflict with the law of supply and demand, on which wages are based. No economist can reject the fluctuations, the raising or lowering of wages. Are wages independent of crises? Are they independent of machines which create surplus hired labor? Are they independent of the division of labor which change its nature? It would be heresy to claim all of this, nor is it claimed."<sup>16</sup>

In these and a number of other exceptionally interesting and significant views, K. Marx does the following: 1) He raises the question of fixed and nonfixed (resulting) wage on a much broader level than presented by the bourgeois economists. This greatly applies to contemporary political-economic thinking as well; 2) he categorically identifies the connection between wages and the laws which govern them. This equally applies to us and we fail to indicate this connection adequately; 3) he earmarks the possibility of the relative stability of wages depending on continuity and the status of hired labor, even within the framework of conflicting changes in profits, etc. These aspects are of topical significance in the ratio between the product for society and the product for the individual, the main content of which, unquestionably, is that of wages.

Further considerations of the methodological significance of Marx's legacy lead us to many other significant conclusions which are of unquestionable

interest from the viewpoint of the task of further improving and enhancing the efficiency of distribution according to labor.

I shall merely note that these and a number of similar concepts have not been sufficiently studied by our scientific public or used for a comprehensive elaboration of the theory, methodology and mechanisms of socialist distribution.

In our search for theoretical solutions and regulatory mechanisms in the field of distribution, we should rely even more daringly on Marx's legacy, on his methodology in particular. Applied under different historical conditions and in a different sociohistorical system, it provides tremendous facilities for a more accurate solution of the complex set of problems in the area of distribution under the conditions of real socialism as well.

The consideration of the second question, that of the link between distribution and the development of the socialist production and social organism, leads us to a number of quite interesting conclusions which should become the base for operative solutions wherever studies have become sufficient in terms of the intensification of work on its individual aspects in the area of which developments do not allow us to adopt corresponding solutions. A summation of observations made so far indicates the following:

First, that distribution in all its varieties is one of the economic levers and mechanisms with the broadest possible range of action and influence (direct or indirect) on all economic and social processes, that it is subject to their reciprocal influences, etc.;

Second, that in a number of cases it is overloaded with functions, that it is the carrier of functions of other systems as well, for which reason it cannot play the type of efficient role assigned to it (for example, we try to impose upon it functions which should be addressed to the organization of labor);

Third, that despite its intensive utilization, it still does not sufficiently react to the changing conditions which determine it, to the problems we are resolving and to the priorities of socialist interest; distribution structures remain which, despite their obviously anachronistic nature, have remained untouched for decades;

Fourth, that in the social practice of distribution, concepts the effectiveness of which is obvious in terms of improving socialist production and social relations are being sluggishly implemented.

For example, we should firmly reject the redistribution of individual distribution income according to labor, as long as and to the extent to which it remains below the level of the corrected value of the necessary product and the decisive redistribution of personal income exceeding this value by a considerable amount, which introduce "static" in the system, create social tension and could become a source of antisocialist accumulation, antisocialist consumption, antisocialist moods, antisocialist behavior, etc.;

Fifth, distribution, its mechanisms and its proportions are not clearly formulated on the basis of the contribution of the supreme and direct manager of socialist property in upgrading quality and efficiency, taking into consideration complex and differentiated conditions under which this problem is being resolved;

Sixth, that despite categorical stipulations and entirely accurate concepts, the change in the principles, mechanisms and structure of distributed income is taking place in a quite cumbersome manner for a number of reasons.

In this connection, the real steps taken to convert wages into a resulting value have been quite modest; the establishment of an accurate ratio between labor productivity and wages is slow; the assumption of stimulating functions by all units and structures within the distribution process is being quite sluggish and unsatisfactory.

Distribution in terms of the reorganization of the respective social and production structures on the basis of efficiency is insufficiently energetic.

Briefly: we are still far from a radical improvement of the mechanism and ratios of socialist distribution from the viewpoint of the requirements governing the systematic application of the economic approach and its mechanism in all areas of social life.

I do not intend to explain the reasons for the imperfection of the distribution mechanism. It is quite clear that some of them are essentially related to the third question which I intend to discuss.

The effectiveness of socialist distribution and its mechanism is a major and complex problem which has been insufficiently studied in our economic publications. Under the conditions of the intensive implementation of the economic strategy of high quality and high efficiency in everything and everywhere, the question of the efficiency of socialist distribution and its mechanism stands out sharply.

In my view, the criteria to be applied could be the following:

1. Production, to the extent to which it reflects the condition, structural changes and changes in the content and dynamics of the element of the production process; the stipulations of the law or laws which governs a specific type of distribution; the requirements and influence of other objective economic and social laws.
2. Need, to the extent to which it means observance of priorities in meeting corresponding requirements; income is secured for satisfying such requirements to the level of scientifically substantiated consumption norms, ensuring a dynamically shaped progressive structure of the entire range of socialist needs and consumption.
3. Functions, to the extent to which the functions of socialist distribution are directly consistent with efficiency indicators (integral, economic,

social, ideological, ecological, national economic, etc.); its forms and mechanisms must "carry" a corresponding "load," i.e., adequately fulfill their main functions.

A thorough study of the condition of distribution and its mechanisms guides us toward two very essential conclusions.

On the one hand, a number of reserves exist for the radical improvement of all forms and structures of socialist distribution from the viewpoint of an expanded and reliably founded system of efficiency indicators.

On the other, the adoption of such criteria for assessing and determining the efficiency of distribution in general, including socialist distribution, indicates that certain changes must be made in our traditional view on efficiency and its yardsticks.

I shall not undertake to describe in detail the fourth question, that of the use of technological structures and levers used in capitalism through their proper adaptation to socialist conditions. Some things, however, are becoming increasingly obvious.

First, the link between the distribution mechanism and the basic economic law and basic production relations under socialism has still not been raised to the level attained under capitalism. We know that the basic production relation of capitalism and its target are categorically "defended" by the capitalist distribution mechanism. We know that in the United States in frequent cases guarantees of acquired property--a passenger car, for instance--do not exist unless income equal to the value of the acquired property may be secured through the redistribution mechanism of insurance companies.

We cannot claim that the mechanism of socialist distribution protects to the same degree of intensiveness the basic production relation of the communist socioeconomic system--the interests of public property and public appropriation, which is the base of all progressive economic and social processes and development trends.

Second, under the conditions of real socialism, the technological structures and mechanisms tested under capitalism in the areas of the reacting and flexible nature of distribution have still not been sufficiently utilized.

For example, we do not have any flexible mechanism which would react to the conditions and circumstances governing the savings of the working people, not only and exclusively from the position of the public interest but also of the owner of the savings. For example, we must actively ensure the efficient use of such savings and their comprehensive development, instead of transferring them to other consumption subjects.

We lack a sufficiently simplified and flexible mechanism for contributions to the state budget resulting from one type of circumstances or another, such as the use of a 20-leva fine for violating a traffic law. Our only possibility today is to pay the money to the respective people's council. Yet, such

money could be paid wherever convenient: to the official who issues the ticket, the council, the place of work and elsewhere.

The rates of taxation of income of corporations, the mechanisms of their target funds and some other technological aspects of the capitalist distribution of income would be of interest to us as well. A special study in this area would indicate the existence of considerable opportunities for improving socialist distribution, enhancing its influence on efficiency in all areas of our life and using its unlimited possibilities of influencing the development of processes and phenomena in the desired direction.

These are merely some of the problems which I deemed necessary to consider at our round-table meeting.

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Professor Dr A. Miloshevski: On the Accurate Interpretation of the Concept of the Owner and the Manager of Nationwide Productive Capital and the Place and Role of Commodity-Monetary Relations in the Development of Our Socialist Economy

The stipulation of the owner and manager of national productive capital (respectively represented by the socialist state and the labor collectives) is a manifestation of improvements in the system of production relations at the present stage of building a developed socialist society in our country. What is methodologically important in this case is that the owner and the manager are unified. Contradictions between them exist. However, under the conditions of property by the whole people, they are within the framework of this unity. The solution of such contradictions is a prerequisite for achieving said unity.

This has always been the content of the national, the socialist ownership of productive capital. The socialist state performs its function as the subject of this ownership in the name of and for the benefit of all members of society. In other words, it has been entrusted by the people to organize the management of productive capital and to ensure the efficient planned functioning of the national economy. The members of society who are within the labor collectives of enterprises are, quite naturally, the direct managers of the respective productive capital. This method (model) of organization and manifestation of national property logically stems from its nature.

Consequently, the stipulation of the manager and the owner of national productive capital is not an entirely new model of organization of national ownership, pitted against the previous one. Under the new conditions, we seek in the demarcation of the functions of the owner and the manager a decisive enhancement of the role both of the state as the center of management of the national economy as well as the decentralized units, the labor collectives within the economic organizations above all. This stipulation should be included more fully in the foundations of the economic mechanism or, in more general terms, in the economic management system. From the theoretical point of view it unquestionably proves the further development of

economic thinking, for the idea of specifying the functions of the manager and the owner of national productive capital and the consideration of the changes in conditions, which demand the application of this idea, are truly quite important.

The importance of the concept of the owner and manager of nationwide productive capital is exceptionally high above all because it applies to a problem of fundamental importance in socialist political economy: the most efficient development of state ownership. Properly interpreted, this stipulation could become the starting point in the interpretation and resolution of problems related to the economic mechanism and the economic management system from the viewpoint of the current requirements governing the development of the economy. One of them is the question of the place and role of the commodity-monetary form of economic relations in the socialist economy.

The commodity form of socialist production is unavoidable to the extent to which the need to maintain equivalent economic relations in the exchange of labor activities exists in the socialist economy. It is precisely on the basis of this equivalence that labor under socialism as well is both concrete and abstract. Since the labor products must be compared, something which is achieved on the basis not of concrete but abstract labor, the commodity form appears as an objective necessity.

The existence of a commodity form of output means that in its progress toward consumption, the output is realized through the market, with its inevitable effect of self-regulating mechanism of economic relations. However, in addition to this mechanism, under the conditions of the social ownership of productive capital, another mechanism for such control exists as well: the plan. Unlike market self-regulation, planned regulation is based on a predetermined program for establishing ratios (proportions) for the various types of activities in the national economy, consistent with and required at a given time. The place of commodity-monetary relations under socialism is determined precisely by the role of the market self-regulation, interacting with planned conscious regulation. Achieving the type of interaction between them, which would also be sufficiently efficient in terms of economic development, is the real difficulty in this case.

In order to avoid possible misunderstandings, let us especially point out that the market is covered by planning and that its functions are subordinate to planning. Another very important circumstance is that the socialist economy does not include any basic obstacles to the establishment of a system of economic organization and management in which planned control would dominate market control and subordinate it to its objectives. This question is answered through the technology of national economic planning, which is based on the principle of democratic centralism. The stipulation of the owner and manager of national productive capital opens the door to the further development of this principle and to the suitable advancement of the economic management system. More precisely, with this stipulation the economic approach to economic management is strengthened, to the extent to which it is related to the enhanced planning functions, on the one hand, and the favorable conditions which develop for the fuller utilization of commodity-monetary form of economic relations, on the other. If planning is excessively centralized,

i.e., if the owner--the state--is overloaded with functions dealing with the economy on the microlevel, the opportunities for the manifestation of economic organizations as managers and commodity producers will be limited. As a result of this, it is quite possible that the activities not only of the manager but of the owner may fail to meet the necessary requirements.

In order to acquire a more specific understanding of the position held by commodity-monetary relations in the socialist economy, it is important to see the nature of their essential functions. Unquestionably, in this case it is a matter of achieving the necessary labor expenditures through commodity-monetary relations within society. As we know, the socially necessary norm of labor outlays expresses the rational proportionality within the structure of any developed national economy. A commodity system is a form which under capitalist conditions shapes spontaneously, through the market, in terms of the value of commodities, the amount of the socially necessary labor and, hence, the economic proportions required at a given moment. Under socialism, this process is controlled by society. By planning proportions in the national economy we actually also define the amount of socially necessary labor which must be contained within a unit of output, whatever its nature. However, in the national economic plan this norm of labor outlay hardly always corresponds to what it is in reality. In a number of respects it is merely programmed.

It is true that the programming of the necessary rational (efficient) ratios in the national economy and the socially necessary labor are strengthened through the system of national economic plan indicators mandatory to the economic organizations. It is precisely at this point that it becomes necessary to use the market as the actual manifestation of the commodity-monetary form of economic relations in the socialist economy. Let us emphasize that in the first phase of the community society the implementation of the plans cannot be achieved without taking the commodity-monetary form into consideration. The socialist production relations themselves are linked to the type of features, so that the market, trade or, briefly, the commodity form becomes organically intertwined with them. This means that the planning of national economic processes as well should be special. Indirect planning (direct planning in terms of mandatory indicators already exist) offers the possibility of using commodity-monetary relations. The process of manifestation of the socially necessary labor outlays as a value takes place with the marketing of the output (consumer goods and productive capital). This process, which has the nature of market coercion, will force the producers (socialist economic organizations and their managements, including central leading economic bodies) to be sufficiently active, i.e., to be responsible for and interested in their activities. They will try to lower production outlays and, particularly, to improve the quality of produced material goods.

Naturally, the appearance of the socially necessary labor outlays as a value (in practical terms this means price setting with all its features and difficulties) does not mean a revision of the amount of the social norm of labor outlays per unit of output, programmed through the material planning balances. The main feature is that planning is successful with the help of the market, leaving no uncorrected errors which may be the result of a subjectivistic

approach. This is the place, the main role which commodity-monetary relations play in the socialist economic system.

The role of the commodity-monetary form of economic relations and, consequently, the need for its increasing utilization grow at the stage of building a developed socialist society. The efficiency of the methods applied in the utilization of commodity-monetary relations increases as we perfect them. Unquestionably, a considerably more advanced and efficient form of production relations is that of commodity production under the conditions of a single nationwide ownership and the consequent more systematic and accurate implementation of the requirements of economic laws. At that point the interaction between the laws of a commodity economy and the specific socialist economic laws will be more efficient in terms of the development of the economy. Therefore, as society advances toward building mature socialism, the process of perfecting and advancing socialist ownership and commodity-monetary relations becomes one and the same.

In the spirit of these considerations, I believe that the commodity economy in our country is not generically linked to the system of socialist production relations. It is a question of the expanded activities of private ownership forms as well as, in some cases, the excessive development of the private plots. It is true that the main feature of these forms is that they are within the public economy. Nevertheless, their activities remain outside the collective forms of labor organization, for the functioning of commodity-monetary relations in a given area is the work of individuals, who are individual producers in many respects.

However developed such relations may be, and however negative their consequences may be in some areas, particularly in the consciousness and upbringing of the people, their functioning cannot threaten the foundations of the socialist economy. They could be considered temporary bypassing measures aimed at the fuller utilization of the existing possibilities of increasing output, particularly in artisan services, the production of fruits and vegetables and, essentially, of livestock products. As we know, through individual economic methods, we can achieve in such activities the participation in the production process of essentially the type of people who, because of age, can no longer work in public production. We can thus increase the national working time and generate a greater national income. Naturally, such forms of economic activities will be eliminated when the public economy will begin to meet to the necessary extent the respective social requirements for material goods.

#### FOOTNOTES

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3. T. Zhivkov. "Otchet na TsK na BKP Pred Dvanadesetiya Kongres i Predstoyashtite Zadachi na Partiyata" [BCP Central Committee Accountability Report to the 12th Congress and the Party's Forthcoming Tasks]. Sofia, 1981, p 90.
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5. T. Zhivkov. "Dvanadesetiya Kongres na BKP i Po-Natatushnoto Izgrazhdane na Zreliya Sotsializum" [The 12th BCP Congress and the Further Development of Mature Socialism]. Sofia, 1982, p 439.
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7. I. Bobokova. "Subjects of Production Relations Under Socialism." EKONOMICHSKIYE NAUKI, No 6, 1978, p 15.
8. Ya. Kronrod. "Objective and Subjective Factors in the Development of the Socialist Economy." EKONOMICHSKIYE NAUKI, No 7, 1969, pp 22-23.
9. "Dvanadesetiya Kongres na BKP i Po-Natatushnoto Izgrazhdane na Zreliya Sotsializum," Partizdat, 1984, p 260.
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11. Ibid., pp 63-64.
12. Ibid., p 263.
13. K. Marx and F. Engels, "Such." [Works], Vol 46, part I, Partizdat, 1978, pp 9-10.
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BULGARIA

ROUNDTABLE DISCUSSION ON ECONOMIC PROBLEMS CONTINUED

General Production Problems Noted

Sofia NOVO VREME in Bulgarian No 12, 1984 pp 45-48

[Article by Prof Tasho Pachev, Doctor of Economic Sciences: "The Interaction Between Productive Forces and Production Relationships"; this and the following articles constitute a continuation of the roundtable discussion begun in the previous issue of NOVE VREME and to be continued in the next issue]

[Text] In my remarks, I want to dwell on certain aspects of the interaction between productive forces and production relationships. As we know, productive forces consist of the production and reproduction processes. The level of their development determines the economic and social tasks which must be carried out in the corresponding social system. A concentrated expression of their development is the level and rates of growth in the productivity of labor.

Production relationships are the social form of the production and reproduction processes. They determine the goals to which the development of productive forces is subordinated. Their development helps to determine the economic structure of the society on which are built the legal and political superstructures, and the different forms of social consciousness.

In their dialectical interdependence, the productive forces and production relationships form the method of production.

Production relationships are determined by the defining influence of the productive forces. But this does not come about automatically, as the adherents of technological determinism attempt to present it. What is more, they affirm that production relationships are directly determined by the state of technology, by the practical application of the achievements of scientific-technical progress. Making a fetish of the material elements of the productive forces has always accompanied political economy. It stands as the basis of the theory of convergence and the "single industrialized society."

In the system of the productive forces, the role of the main component is played by the person who participates in the production. People with technical production expertise, work habits, and experience form the subjective productive forces, the labor force, which brings the material productive forces into production functions and carries out the progressive changes in them. We must

stress that the main productive force is not identical with the determining productive force, which is carried out by the material elements and most of all the implements of production.

The material contents of the productive forces condition the technical structure of production. In this sense, the productive forces are the material bearers of the production relationships and the determining factor in its development. Karl Marx wrote: "With the assistance of machines, chemical processes, and other methods, it (contemporary industry--T.P.) constantly carries out radical changes in the technical base of production and, together with this, in the workers' functions and the social combinations of the labor process."<sup>1</sup>

Consequently, technology by itself does not directly influence production relationships. Neither do the objects of labor, or the labor process, viewed as a technological phenomenon, exert any direct influence on them. "The machine," Marx writes, "is as small an economic category as the ox that pulls a plow. The machine is only a productive force. And the modern factory, which is based on the use of machines, is a social relationship of production, an economic category."<sup>2</sup>

The productive forces influence production relationships through the division and generalization of labor, the specialization and concentration of production. These processes condition the changes in the forms of ownership. On the other hand, without the perfection of socialist ownership, of the forms and methods of its management, without progressive changes in the determining relationships, in the circulation and consumption relationships, the achievements of scientific-technical progress cannot be applied successfully in order to enhance the advantages of socialism.

Production relationships influence the productive forces through the social purpose of the production itself. Each type of production relationship determines the social purpose which is adequate to its character and the interaction between the economic and social development of society. Under socialism, the goal of production is to satisfy the constantly growing demands of the people. Attaining this goal determines as well the economic and social development. It is different at different stages. The present stage is characterized by more vivid integration of economic and social development.

Economic development has a determining significance in relation to social development, which is due to the determining role of the economic sphere in the social system. The level at which social demands are satisfied is determined by the economic efficiency of production. In this sense, the social purpose of production is a factor in the development of the productive forces.

Social development, despite the fact that it is determined by economic development, has relative independence. It is conditioned by the specific aims and goals which it attains: raising the living standard, affirming the socialist way of life, perfecting the social structure, multilateral development and realization of the individual. Its relative independence allows it to influence

economic development. At the November Plenum of the Central Committee of the Bulgarian Communist Party in 1982, Comrade Todor Zhivkov pointed out that "... the fundamental sense of the concepts laid out in the new labor code is to create better conditions for the full and highly efficient utilization of our nation's labor potential, in order to increase the country's material and spiritual richness, in order constantly to increase the people's well-being."<sup>3</sup>

Sometimes social development is examined from the consumer's point of view. The rates of its growth are connected solely with the satisfaction of human demands in and of themselves. Ignored here is Marx' thesis about the difference between real and consumer production, about the interaction between consumption and production, about the productive function of consumption. In his introduction to "A Critique of Political Economy," Marx writes: "Consumption is direct production, since in nature we see that the consumption of chemical elements is the production of a plant. It is clear that by eating, for example, one form of consumption, a person produces his own body. However, this is valid for every other type of consumption, which in one way or another produces a person in a certain direction."<sup>4</sup> Marx defined precisely this productive function of consumption as consumption production. This latter concept is a fundamental factor in the development of the main productive force, and through it of the material components. It is an important direction in the influence of production relationships over the development of the productive forces. Consumer comprehension of the social development not only sever its ties with economic development, it also deprives the society of the possibility of fully utilizing the opportunities of the production relationships to develop the productive forces. The correspondence between the production relationships and the character and development of the productive forces is an objective law. In this case we are speaking of the correspondence between the subjective and the material productive forces, with their quantitative and qualitative characteristics. The more developed the productive forces, the more perfected they are, the more technological links take on a marked, manifest, social character.

As a rule, production relationships change in accordance with productive forces. But this does not mean that every change in the productive forces evokes changes in the production relationships. Not every change in the latter is adequate to the changes which confront the former. Production relations mature along with the development of the productive forces and lack their general quantitative comparability. What makes the processes being realized commensurate is the generality of their socioeconomic trend.

The conscious trend in the interaction between productive forces and production relationships is expressed, on the one hand, by the new forms of production relationships not losing touch with the level and character of the productive forces, and on the other hand, by overcoming the old forms of production relationships, which slow down the development of productive forces.

In reality, there is an alternation between a correspondence of the production relationships with the character and development of the productive forces, and a lack of such a correspondence. The main thing here is to resolve in a timely way the objective contradictions which arise. Such contradictions have arisen here when, under the conditions of strong social production, which has led to

overcoming the differences that exist between the two forms of ownership, the state has not been turned into the sole owner and the workers' collective the direct manager.

Significance and priority for the productive forces with regard to the development and perfection of the production relationships must not be absolute. In certain cases, mostly with the change of one socioeconomic formation, rapid development of the production relationships is possible. Such is the case with the establishment of socialist production relationships in the absence of adequate productive forces. This does not mean, however, that these production relationships will be preserved during the time of the formation of their adequate productive forces. On the contrary, such changes must be carried out in them that would bring on rapid resolution of the lack of correspondence that had resulted.

Rapid development of the production relationships before productive forces is possible due to mistakes with regard to the subjective factor. This usually results when the given production forms are replaced with new ones, without having exhausted the possibilities of the productive forces for development. Thus we see, for example, the lack of correspondence with the productive forces caused by enlarging production, which is one of the possible manifestations of this lack of correspondence.

What are the practical conclusions and assumptions that can be drawn from what has just been said?

First, the problem of interaction between productive forces and production relationships has great practical significance. It lies at the foundation of scientific periodization of humanity's socioeconomic development. Without having first established the proper interaction, the periodization of communist socioeconomic formation cannot take place, in order to realize stable rates of economic growth, of social progress, etc.

Second, planning has a determining significance for the establishment of the objectively necessary interaction. We have attained significant successes here in recent years in this regard. Very detailed development of the productive forces is planned. Despite the limited scope, the perfection of production relationships is already being planned. Unfortunately, those planning indicators which would provide measurements of the correlations between the productive forces and the production relationships are still lacking. New aspects in the production relationships are not linked in the dependence system with those in the productive forces. This is due to the unresolved theoretical problems connected with the correlation discussed. Political economy is still limited by very general definitions. The attention of political economists is directed most of all to qualitative characteristics; a quantitative analysis is lacking. All the dependences and all the factors which influence this interaction still have not been fully demonstrated.

We can state with certainty that the contradictions which arise between productive forces and production relationships still have not been foreseen and planned for in a regular way; the same is true for material and social resources

for overcoming them. It is not accidental that in the theses on the perfection of socialist organization in labor and planned management of the economy, adopted by the National Party Conference which took place in 1978, special attention was paid to the necessity of centralizing planning in order to perfect the production relationships.<sup>5</sup>

Third, the circumstance that the development of a socialist society is planned does not mean that every elemental force has been overcome. There is much proof for this assertion in the interaction between productive forces and production relationships. When we make such a statement, of course, we must point out the circumstance that absolute planning is neither possible nor necessary. We can say this least of all for the planning at the stage where we are now. But this does not mean that we do not need to overcome the factors which contradict planning.

Fourth, successful planning of the interaction between the productive forces and production relationships requires the resolution of several problems in economic theory.

It is necessary first of all to point out their structure and to establish regular coordination and subordination among them. Based on this, we will demonstrate the trends for development and perfection.

We must define the basic factors which condition the development and perfection of productive forces and production relationships. Special attention must be paid to those that determine the changes in the social content of the productive forces. In addition, we must determine the relative weight of each factor. It is necessary to develop a system of indicators and criteria which can be used to judge the changes in the mutual dependence between productive forces and production relationships, in order to establish the methods and means which will aid in the discovery of lack of correspondence and contradictions between the forces and production relationships. This will permit social resources to be utilized in a better, goal-oriented way.

#### Political Economics, Ideology

Sofia NOVO VREME in Bulgarian No 12, 1984 pp 49-53

[Article by Prof Aleksi Aleksiev: "The Ideological Function of Socialism's Political Economics"]

[Text] 1. On the Subject and Functions of the Political Economics of Socialism

The initial methodological significance for determining the place and functions of a given science in one system or another of science or of social practice is held by the subject, the subject of its research.

The subject of each science is given, it is defined. It is precisely this that makes science what it is. But this does not mean that it is changeless. The changes come in line with its constituent components. Thus, for example, some components (legal, categorial, etc.) die out, disappear, and new ones

appear. Together with this, under new conditions, profound, qualitative changes come to the fore in the components which form the contents of the subject, as well as in the nature of the objectively existing connections between them and the processes conditioned by them.

This applies especially forcefully to the subject of socialism's political economics. By studying the social side of production, i.e., the production relationships, it aspires to discover and study economic laws, the laws which govern production, trade, distribution, and consumption under the conditions of socialism.

Naturally included in the sphere of its subject are the connection and dialectical interaction between the production relationships and the productive forces, as well as the connection and interaction between the production relationships and the superstructure. In other words, the subject's sphere includes to one degree or another the fundamental components of the social organism.

It would not be an exaggeration to stress that the sources of all social transformations must be sought in the sphere of the laws studied by political economics. This means at the same time that it occupies an especially important, key position in the system of social sciences, including the system of Marxist-Leninist science, of course, and social activities as well. In support of what was said, it is worthwhile turning once again to some of V.I. Lenin's better and lesser known estimations. In his review of the book by Bogdanov, "A Short Course on Political Economics," he writes: "There is no question in our contemporary social life whose scientific explanation does not depend in the most direct way on the science of economics." And in his article "Karl Marx," he points out: "The most profound, most universal, and most detailed affirmation and application of Marx' theory are his economic teachings."

The subject of socialism's political economics determines not only its place in the system of social sciences, but also the significance it has for social practice. This significance is made concrete in the functions which it carries out, namely functions of a cognitive or heuristic, methodological, practical-applicable, and ideological nature.

It is not necessary to demonstrate that these functions are found in unity and in relative independence. Elements or features of other functions can be sought in each of these separate functions. For example, the cognitive function has methodological, practical-applicable, or ideological significance. Such connections and unity can be found regardless of which function is being examined. From this, the conclusion follows logically that we must seek the maximum in the development and utilization of the corresponding functions, in order to increase the efficiency of science with even greater force.

Certain functions, such as the practical-applicable and ideological ones, have a more of productive character than the other two functions. But this must not be seen as the basis for rejecting their relatively independent nature and the influence which they exert over the other functions. We feel that internal sources and forces of the development of political economics can be sought here. The influence, for example, of the ideological function can be

sought along the lines of the significance it has for the ideology of guiding the social sciences toward the needs of social practice, and in the strong influence which it exerts over the interpretation of social facts, etc.

In the unity, connections, and interaction of the functions of political economics, it cannot be excluded that one function will dominate over the others. This generally must be explained by the needs of social practice, by the objectively formed conditions and possibilities for a science's development, or by the utilization of its achievements, etc. The factors can be internal or external. At the present stage, the internal factors are linked most of all to the struggle between the socialist and capitalist systems. Without meaning to devalue the problems still unresolved with regard to the other functions, we can say that, to a great extent, we must set forth the serious problems connected with strengthening the ideological function of socialism's political economics.

By strengthening a given function, we do not mean that it should come about at the expense of weakening the role or status of another function. This is so because it is impossible, or it would lead to the deformation of science as a system, to go beyond determined limits.

It seems to me that it would not just be formal logic to expect that, if a corresponding function's position were to be strengthened or weakened, a new function would appear or other functions would die away in correspondence with the altered social conditions. For example, it is thought that political economics, in fulfilling the role of theoretical foundation of socialist management, could acquire a new function: the function of actively serving concrete economic practice. Interest in the ideological function is evoked in connection with this. This function in the future communist society, with its roots in various social, labor, and other conditions, if it did not disappear entirely, should be expected to experience profound changes in its social purpose and role.

Consequently, it is necessary to keep in mind that the subject and social purpose of the functions of political economics do change. Under capitalism, the subject and social purpose of science and its functions are of one type, and under socialism they are of another. Naturally, the conditions under which they are realized and tested are different.

The interpretation of any problem (process, phenomenon, etc.), examined categorically or in the development of one perspective or another, whether close up or at a distance, evidently requires an explanation of the reasons which have conditioned its appearance, the factors which have influenced it in some way, the social goals and needs, etc. This relates totally to the ideological function of socialism's political economics.

## 2. With Regard to the Essence of the Ideological Function of Socialism's Political Economics

In the ideological function of political economics, including the political economics of socialism, the character of its subject and the questions which

occupy it are revealed most clearly. These are questions which touch most directly on the most important, vital interests of the classes, of people in society. Precisely in connection with this, K. Marx writes in the first edition of "Das Kapital": "The Anglican Church would be more willing to forgive attacks on 38 of the 39 symbols of its faith than to lose 1/39th of its monetary income. Nowadays even atheism is a light sin compared with the criticism of the traditional ownership relations."

These are the objective roots or sources of the ideological function of political economics. Under the conditions of class society, with the presence of opposing social systems, and without sufficient objective material and social conditions for creating communism, the ideological function of socialism's political economics is inevitable, vitally necessary, and important.

The initial methodological positions which are necessary for explaining the ideological function must be the following:

First, a Marxist definition of ideology as a system of political, economic, philosophical, aesthetic, and other points of view, which reflect in a theoretical form (in the form of concepts, laws, categories) the relationship of the people to social life and to each other.

Second, the subject of political economics, in which are reflected the crucial socioeconomic processes and objective laws and on which the contents of ideas which come into the ideology quite naturally depend to a great degree. Hence the need to set forth its role in the construction of the social picture of the world, the possibilities for explaining the most important processes and phenomena in society, as well as the formation and basis of class aims and goals.

Based on this, the ideological function of political economics must be objectivized in: the formation of a scientific point of view; profoundly realizing the advantages of the socialist economic system over the capitalist system; affirming the conviction of socialism's and communism's inevitable triumph, etc.

In our opinion, broadening the scope and raising the level of social activity, of the social realization of the individual, could be accepted as the constant and generalizing goal of the ideological function. But this constant goal is not identical. It is seen one way under the conditions of capitalism: overthrowing or destroying the capitalist social structure. But under socialism it is different: quickening the development and perfection of society, raising its level of maturity in line with all its components, areas, and aspects.

Consequently, the ideological function of socialism's political economics is different from the same function in capitalist political economics. This does not mean denying the mutual influence which these could have for the sake of the main goal and common interests, which confront the working class in every country. In addition to the main goal, it is also protected by the single nature which political economics has as a science.

In addition to the changes in the goals, changes occur in the tasks of the ideological function, which give it a different ring, different contents for social

activity. This means that social activity must be raised to a new level, a level which corresponds to the new stage of our development. At the present stage, together with the relatively constant tasks which confront the ideological function, the necessity of forming new, exalted stimuli for labor, including creative, intellectual, aesthetic, and moral stimuli, are revealed with great force.

The creative, spiritual, and other socially lofty manifestations of the individual must occupy a greater position in the mechanism of the socialist production process and in all spheres of social life.

Consequently an important task which faces the ideological function of socialism's political economics is the attainment and maintenance of a high level of correspondence between the social needs and tasks and the social activity of the members of society.

Turning these ideas into reality and realizing these social concepts takes place thanks to the creative character of consciousness. Precisely in this way economic theory not only reflects reality, it also creates it.

Marxist-Leninist political economics, in contrast to bourgeois economics, has no apologetic character; rather it is scientifically based. This feature arises from the condition that it serves the objective processes, needs, and goals of developing the society. This is its great advantage, which must be better utilized as a way of strengthening the ideological function, as well as raising the efficiency of socialism's political economy as science.

### 3. The Conditions and Preconditions for Strengthening the Ideological Function of Socialism's Political Economy

The circumstances or reasons which condition the necessity for strengthening the ideological function are reflected most generally and in the best synthesis in the necessity for strengthening or raising the level of social activity to a higher plateau, and to do the same for social behavior and the social realization of the individual under socialism in all possible ways, to raise the indicators and criteria of evaluation.

Various types of reasons derive from this. Among them we can allot a certain advantage to:

--Large-scale tasks, profound and high-speed (dynamic) socioeconomic transformations, which must be carried out along the way to building a developed socialist society and utilizing the achievements of the scientific-technical revolution. They are more concretely related to intensifying the economy and raising economic and social efficiency, raising the quality of production and activities, including the productivity of labor, raising the living standard, and perfecting the socialist way of life.

--Overcoming the various contradictions which come mainly from the chief aims and tasks posited by development at the current stage, as well as the unrealized possibilities and advantages of our socialist social system.

--The requirements for the struggle to win the fight for time in the competition with capitalism in all areas: economic, political, ideological, etc. This requires using natural, material, scientific-technical, labor, and other resources efficiently in order to quicken the dynamics and decrease the "cost" of economic growth.

--The difficulties of the struggle which are connected to rightist and leftist deviations from Marxism-Leninism.

Precisely these reasons (and perhaps others could be pointed out too) oblige us to strengthen the ideological function of political economics with a view toward decisively enlarging the role of the subjective factor, in order to develop social initiative, creativity, and responsibility.

In connection with this, the problem of the conditions and preconditions, on which strengthening of the ideological function depends, naturally arises.

The conditions and preconditions on which the state of one function of science or another depend can be different. With regard to the ideological function of socialism's political economics, it depends most of all on how well defended the authority of science itself is. There is no doubt about the influence derived from this. But this authority requires predominantly:

--That there be no existing or possible contradictions or discrepancies between economic theory and social practice, or that they be overcome rapidly;

--That the present be conceived more profoundly and precisely, because this is a precondition for forming faith in the possibilities of science to see into the future and outline the contours of development;

--That the results and achievements of all social activity be multiplied and that they be felt and realized more concretely by people in their labor, living standard, social and personal relationships, etc.

--Perhaps we need greater social recognition of the work of scientific cadres who work in the most important and most difficult area of social practice, economics, where the key to complex interests and contradictions lies, where millions of people from different groupings and spheres of activity must be mobilized and organized for the sake of common goals and interests.

--It is necessary for us to overcome the endless discussions about everything, which are sometimes perceived as an end in itself or are more a reflection of creative lassitude than creative activity and decisions. There is no doubt that this undermines faith in socialism's political economics as a science and decreases the strength of its ideological influence.

The practical realization of the ideological function of socialism's political economics requires a disciplined, well-organized system of mass economic education. This system includes: forming groups to deal with types of problems which correspond to the possibilities of the listeners; very good selection in the propaganda cadres; overcoming formalism in all its forms, which essentially means most of all overcoming activity for activity's sake; close connection of economic theory with the practical activity of the participants, etc.

In other words, in the field of economic education, we must come up with high quantitative indicators (on a mass scale) and qualitative indicators, in order to raise its efficiency in all ways and forms.

#### Development of Private Ownership

Sofia NOVO VREME in Bulgarian No 12, 1984 pp 54-58

[Article by Yordan Kostadinov, Doctor of Economic Sciences]

[Text] Private ownership occupies a definite place in the system of socialist production relationships. But we must unfortunately confess that the problems of private ownership have not been analyzed sufficiently from their political-economic side; research is not done on the influence which the processes of speeding up the construction of a developed socialist society here exert on its contents and economic characteristics. Even less sufficient are the investigations of the questions related to its social aspect and their connection with its economic basis. We do not study the interstitial, integrational links and relationships which come about and are realized in private ownership and which in many cases are realized as a single, socioeconomic process.

Our task here is not to conduct a full analysis and characterization of the development and changes in private ownership. I do not dare saddle myself with this task. But I will make an attempt to investigate some of the changes which have come about in this category during the stage of constructing a developed socialist society in our country.

The preconditions and factors which condition the presence of private ownership as a historically determined social form of appropriating the objects of consumption are maintained in the stage of building a developed socialist society. The fundamental source of forming private ownership is labor, i.e., the labor income of members of the society. As he pointed out in one of his works on this question, Prof Iv. Kostov said: "This is the result of realizing private income by members of the society, which is received either through the application of their labor or from the society's consumption assets, which are used to appropriate the necessary consumption objects."<sup>6</sup>

The relationships which are realized on the basis of private ownership and are an indivisible part of the entire system of socialist production relationships, and as such are included in the process of development and perfection, are formed mainly in the sphere of consumption.

What are the changes observed here in the development of private ownership?

First, constant growth is observed in the volume of consumption objects, the object of private ownership, which is accompanied by its internal restructuring. As a result of this restructuring, priority is accorded to those objects of consumption such as televisions, washing machines, functional furniture, telephones, cars, fictional and specialized literature, etc., which respond to the cultural interests cultivated by the members of the society and are a measure of the increase in his educational and intellectual level. The contemporary socialist way of life conditions the necessity for new needs, whether domestic, social, or spiritual, which expand the object of private ownership.

Second, a trend has been noted toward transferring the greater part of daily living activities in the family to the area of social services. This leads to a decrease in the scope of certain objects of consumption, the object of private ownership. In this way the range of services is expanded so much that it leads to crowding the scope of private ownership.

Third, the relative share of objects of consumption and services, which the workers obtain through the channels of social consumption funds, is growing.

Fourth, we see more and more a strengthening of the objective law of constant leveling in the structure of consumption between the working class and the agricultural workers, especially in relation to the objects of private ownership which are the durable goods items. All of this finds expression in the leveling between the working class and the agricultural workers in relation to private ownership as a concrete reflection of the process of bringing closer the state and cooperative forms of ownership. Seen from this point of view, private ownership fulfills concrete social functions which lead to proximity and balance between the two fundamental classes in our society, the working class and the class of cooperative villagers.

Fifth, the quantitative and qualitative changes which have come about in recent years in the development of state and cooperative ownership have had an influence on private ownership. Under their influence, and under the influence of the scientific-technical revolution, which has brought about a revolution in the production of modern domestic items, the object of private ownership at the stage of building a developed socialist society is in the process of constant development, enrichment, and internal restructuring.

The analysis of the development of private ownership reveals certain negative aspects and abnormal phenomena. One sector of our society, though it is small, increases its privately owned property by means of unearned income: high rents, sale of furniture and real estate, speculative transactions, work through private crafts, etc. This reaffirms the necessity of perfecting the system for regulating income. In this way another goal is realized: combining private and social interests, which for its part presupposes the application of a more efficient mechanism for their organic combination in economic and social practice. In connection with this, it is necessary to affirm and apply more diligently the scientifically based criteria for the appropriation of objects of consumption on the basis of the labor contributed, as its specificity and qualitative characteristics are strictly accounted for, and any sort of wage leveling is avoided.

What has been pointed out thus far provides the basis for drawing the conclusion that private ownership of objects of consumption will continue to develop and be enriched in the coming years in a quantitative as well as a qualitative way, as the process of growth in the relative share of durable goods items becomes more profound in the area of domestic life, and those cultural values which are connected with consumption become more important.

The following question, to which I want to devote some time, relates to private (auxiliary) economic activity. It has historical character as a category of political economics.

At the stage of building a developed socialist society, private, auxiliary economic activity is maintained as a special type of private ownership. Because of the influences of the new socioeconomic conditions, significant changes are taking place in its socioeconomic nature.

Private ownership experienced new development in the period after 1977, when a system for self-sufficiency of the populace with basic agricultural products was constructed in an organized and normative way in our country. In the system of the self-sufficiency of village systems, private economic activity became one of its basic components, and this gave it qualitatively new aspects and features, which led to substantial changes in its essence. At the 12th Congress of the Bulgarian Communist Party. Comrade Todor Zhivkov devoted special attention to the system of self-sufficiency in his review report. He explicitly stressed that the chief source of supply for the population would be social economic activity, and thus the agroindustrial complexes must be strengthened, and that their role in the system of self-sufficiency would be enlarged significantly. At the same time, other forms, which have not exhausted their possibilities, must not be devalued. "It is a matter," he pointed out, "of further developing and strengthening private and auxiliary economic activity, with the aid of the agroindustrial complexes, as the continuation and supplementation of social economic activity.

"It is high time we overcome all kinds of economic, organizational, management, legal, and psychic barriers which stand in the way of greater utilization of the private yard and the auxiliary economic activities for the year-round supply of meat, milk, fruits, vegetables, and other products to the people... I want to stress specifically that there is no basis whatsoever for social economic activity to oppose private activity. The interests of the socialist society require drawing a line toward the harmonious development of social, private, and auxiliary economic activity, as we ensure unified planning and management at all levels."<sup>7</sup> Here Comrade T. Zhivkov is essentially defining the contents, place, and role of private economic activity under the new conditions, and in particular its organic link to and dependence on social economic activity.

The existence of private economic activity is conditioned mainly by the economic conditions, by the fact that social economic activity is still not in a position to satisfy fully the needs of the members of a socialist society. This is what certain statistical data show. The amount produced by private production grew from 877.5 million leva in 1971 to 1,740.4 million leva in 1980. Production in 1980 by private activity of workers in all categories, cooperative farmers, workers and employees, represented 41 percent of all production of meat, 28 percent of milk, 52 percent of eggs, 25 percent of vegetables, 45 percent of fruits, and 37 percent of grapes.<sup>8</sup>

As it cooperates in satisfying the needs of society, private economic activity is simultaneously a source of income and a form of the most efficient utilization of labor resources.

In his lecture to the students and instructors at the Academy of Social Sciences and Social Management, Comrade Todor Zhivkov offered a developed socioeconomic characterization of private economic activity at the stage of building a developed socialist society. "Private, auxiliary economic activity must be seen

as a necessary and inseparable link in the chain of our socialist economic system. It is called upon to carry out important economic and social functions as an area for applying additional domestic labor, as a means for obtaining additional national income, as a source of additional income for the populace, and as a factor in the greater fulfillment of the needs for agricultural products."<sup>9</sup>

What are the other characteristic aspects of the development of private economic activity which are manifested at the stage of building a developed socialist society in our country?

First, its organic link to social economic activity is being strengthened. It is being integrated more and more with it in terms of economy, production, and organization. Seen from this aspect, the relationships which are formed in private economic activity are an expression of socialist production relationships. This is so since, by the action of the 11th Directive of the Council of Ministers from 2 March 1982 on building a whole system for self-sufficiency, the responsibility of the people's councils and agroindustrial complexes was increased with regard to the production and supply to the populace of agricultural products, based on the comprehensive development of social and private economic activity. The system of planning and reporting the self-sufficiency is being perfected, and the planned management of this system is being realized already as a constituent part of the unified system of planning. The agreement system between private farmers and the agroindustrial complexes is being strengthened, as the agroindustrial complexes take on the obligation for technical, agrochemical, and veterinary services. Stated even more precisely, at the stage of building a developed socialist society, the planning and regulating nature is being strengthened in the development of private economic activity. It is becoming a more organized and directed system. All of this gives qualitatively new features to the character and contents of private economic activity. Thus now it has almost nothing in common with that type of private economic activity which was characteristic for the cooperative farmers in the 1960's here.

The basic resources of food products for private economic activity are provided by social economic activity. In 1983 alone, the agroindustrial complexes in Khaskovo Okrug made available to private farmers 78,000 tons of fodder, 5,300 tons of fertilizers, 37,000 pigs, and 2.45 million chickens. On this basis, the labor invested in private economic activity more and more takes on the form of socially necessary labor. Seen from this aspect, private economic activity, as a category of socialism's political economy, offers a certain interest.

Second, trends are being noted for maintaining, and even greatly strengthening, the economic and social functions of private economic activity. The data presented above about the relative share in the production of various agricultural products illustrate the further strengthening of its economic functions.

Its social functions are manifested chiefly in the fact that it is a certain factor in slowing down the migration processes from the village to the city; it sometimes influences the so-called reverse migration, when workers in certain categories return from the city to the village. The social functions of private economic activity are expressed by the fact that it is affirmed as one

of the factors in balancing the incomes received by agricultural workers and the working class, as well as among various contingents of the working class and the intelligentsia, which also take part in private economic activity in the city (but we must draw a line between their private economic activity and that of the agricultural workers). Other expressions of its social function are the pensioners engaged in labor and the workers in the other categories who participate in free labor. In fulfillment of the 11th Directive of the Council of Ministers for 1982, the amount of land used for private economic activity is being increased on an absolute scale, and along with this the number of households that own land is increasing. Even more importantly, the share of private agricultural production is increasing. The role of private economic activity has taken on a greater role in our country in recent years, which has led to strengthening the economic and social functions of the okrugs and the village systems.

Third, the dual nature and contradictoriness of private economic activity have been preserved. As Soviet economist P. Savchenko has noted: "On the one hand, private economic activity is a constituent part of the national economy, but on the other, by its economic nature it does not express the fundamental relationships of socialism. Under the conditions of incomplete integration of social with private economic activity, the labor engaged in auxiliary economic activity is not directly social."<sup>10</sup> Other economists stress that "by raising the income of workers and collective farmers, private economic activity in this way lengthens their working day beyond the social norms, it slows the satisfaction of growing cultural needs, and it gives rise to a tension between work time and leisure."<sup>11</sup>

Thus the definite duality in the development of private economic activity is manifested here and sometimes leads to certain contradictions and negative speculative phenomena which have a negative influence in terms of ideological education.

What are we talking about?

In certain rayons of the country, such as Plovdiv, Pazardzhik, Khaskovo and other okrugs, the national and climatic conditions permit private economic activity to bring fruits and vegetables to the market earlier, to sell them at higher prices, and in this way to realize unearned income. Usurping social land for private economic activity is permitted up to 20-30 decares; also permitted are raising 100-200 sheep, up to 400 pigs, 5,000 to 15,000 birds, over 30 calves, etc. These people are also occupied with social economic activity, but their private economic activity brings them several times more income. In this way, elements of private ownership are allowed to "penetrate," and in these cases concrete economic and administrative measures must be taken. The phenomena of working outside the village and realizing unearned income have nothing in common with the idea of the existence of private economic activity in socialism, and they do not determine its character and contents.

As I give examples of the negative results of development of private economic activity here and accept the basic thoughts put forth by the authors cited above, I also posit another, no less essential question: will not the weak development of private economic activity at the current stage lead to many more negative phenomena and give birth to more acute social and economic contradictions?

With this aim of avoiding these negative phenomena, it is necessary for the state to regulate the pricing policy in a more flexible way so that the agro-industrial complexes and the people's councils can control the land set aside for private use, especially in the intensive rayons, where it is used primarily for growing fodder, and not for the production of early vegetables. The normative requirements for the realization of production obtained by private economic activity must be applied through the social market by means of prior agreements with the rayon industrial complexes and the agroindustrial complexes, and not through the free market, where not all the people's councils maintain the requirements for price differentials between the state and private markets, in order to strengthen the tax levies on the part of the people's councils, etc.

In spite of these negative phenomena which are isolated in nature, private economic activity is an objective necessity under contemporary conditions. Private economic activity is becoming more and more intertwined with socialized economic activity, and on this basis, in the future as in the past, the field of socialist production relations will include relations in the private economic sector, albeit in mediated form.

#### Anti-Marxist Views

Sofia NOVO VREME in Bulgarian No 12, 1984 pp 58-62

[Article by Prof Ivan Kotsev, Doctor of Economic Sciences: "Anti-Marxist Conceptions of Socialist Economics: Certain Theoretical-Methodological Problems of Criticism"]

[Text] The representatives of various branches of contemporary bourgeoisie political economics have shown a growing interest in the rapidly expanding socialist economic theory and practice. In the United States alone at the current time there are around 140 institutes and other centers which are occupied with Sovietology and organizing anticommunist propaganda. And this is fully explicable, if we keep in mind the fact that imperialism gives extremely great significance to anticommunist economic concepts, and these concepts are seen as one of the main directions in the struggle against socialism.

It would be a mistake, however, to think that anticommunism always and everywhere operates from one and the same position, with the same arguments. On the contrary, it is distinguished by an extraordinarily broad spectrum of variants. The scope of the critics of scientific socialism as a theory and practice is quite broad, and the motives for this criticism are different. In this sense we find authors of various shadings among the critics of Soviet economics and the propagandists of the "non-Marxist" models of socialism: bourgeois theoreticians who take conservative or liberal democratic positions, economists with a petit bourgeois bent, ideologues of rightist social democracy, renegades like R. Garady and O. Schick, leftist dogmatists who use various ideological weapons against Marxism, from neo-Kantianism to Maoism.

Generally speaking, the theoretical works of the bourgeois economists, which are devoted to the analysis of modern socialist economics, are characterized by a subjective, psychological treatment of economic relationships and laws, by separating social from economic problems, by a technical approach to the

examination of economic processes and phenomena. All of the variants in the trends of modern bourgeois economic science are united by the negation of the determining role of social ownership of the means of production and the objective character of the economic laws and categories of socialism, by the opposition to the system of planning commodity-currency relationships.

Under contemporary conditions, effective criticism made by one bourgeois economic theory or another posits new requirements. First of all, the task of discovering the preconditions which condition the appearance of one bourgeois model of socialism or another emerges. Solving this task offers the possibility of determining more precisely the place of the given bourgeois treatment of socialism, in order to discover its specificity as a weapon in the ideological struggle. On the other hand, we must not ignore the fact that bourgeois conceptions of the development of socialist economics are an indivisible part of bourgeois political economics, the defects of which resound through these conceptions. This is why unmasking the bourgeois models of socialism cannot be isolated from the criticism of the bourgeois models of capitalism.

The development of the bourgeois theories of socialist economics was directly influenced by the strengthening, prosperity, and economic might of socialism, by its successes in the economic competition with capitalism. The simultaneous changes in these conceptions, from the crude negation of socialism to the creation of models for more efficient functioning in its economics, are closely linked with the internal trends in the development of the theoretical-methodological system of bourgeois political economics, in which are reflected the features of the entire crisis of bourgeois ideology.

The economic reforms carried out in the socialist countries in the latter half of the 1960's convinced a number of the most conservative adherents of the theory of "orderly economics" that they could no longer unconditionally represent a socialist national economy as merely a mechanism for administrative and political pressure. The crisis in the conceptions of the "command economy," whose most prominent ideologues are W. Roepke, F. Hayek, G. Kicks, A. Weber, and others, was the first and most characteristic manifestation of the general crisis in the bourgeois views of the socialist national economy.

Of course, the most conservative bourgeois critics of socialism continue to maintain the concept of "command economics," in accordance with which, as the Swiss economist W. Roepke writes, "collectivism must be the only command economy and nothing else."<sup>12</sup> They perceive real socialism as a "total" system, based on administrative orders and political pressure. According to this group of economists, the socialist national economy does not possess a mechanism which contains objective criteria for reevaluating the efficiency of utilizing various resources. This has contributed to the circumstances, argued with anticommunist conviction by the American economist and Sovietologist G. Grossman, that "the entire socialist economy, as it excludes the private sector, represents a huge pyramid or series of pyramids," under which "all essential decisions are made at the top."<sup>13</sup> Such objective criteria about reevaluation offering the only free, active market mechanism are incompatible with the public ownership of the means of production.

The largest number of bourgeois economists, however, are those who define contemporary socialist economics as some kind of mixed forms of economics, which represents a combination of elements from the "command system" and elements of market economics. Thus, for example, the Swiss professor A. Stalder, who treats certain important economic categories as categories of a person's "economic psychology," "avoids" the principal line of demarcation between these categories under the conditions of socialism and capitalism. "Collectivist economics," he writes, "applies certain principles of capitalist economics, which are universal and necessary, since they arise from human psychology." Among these principles, the same author points to the mechanism which "utilizes individual and collective efforts. This mechanism is the marketplace, the policies of wages, profit, and interest."<sup>14</sup> But if in 1950 the bourgeois views represented by someone like Stalder were still the exception, 15 years later, when the Soviet Union and other socialist countries steps have been taken in a decisive way to perfect the mechanism of economic management, similar views (in a modified form) have become a common occurrence for many bourgeois economists. A synthesized expression of this inclination appeared in the September 1965 issue of the British journal DIRECTOR, on whose pages it was written that in the USSR things were moving toward "the creation of a mixed economy, in many regards similar to ours," that is, a capitalist economy.

On the other hand, it must be pointed out that this theory about the so-called "mixed economy" or the "not absolutely command economy" corresponds to the interests of those strata of the bourgeoisie which are inclined to admit a certain economic progress in socialist countries and exhibit interest in developing economic ties with them. Their adherents do not fundamentally share the bourgeois prognosis about the "convergence" of the two social systems, but arrive at their positions because of their conviction of the "higher" economic efficiency of the capitalist system.

With this it turns out that the theory of the "mixed economy," as a bourgeois, reformist alternative to the economics of developed socialism, generously feeds the schemes for "market socialism," intensively created especially by such outstanding representatives of rightist revisionism as the already mentioned Roger Garady and Ota Schick. In criticizing the planned socialist economy, the first announces that under this system, "the regulating role of the marketplace is absent, i.e., the role of the vital needs of the masses, since the central programming is based mainly on political criteria,"<sup>15</sup> and the second one adds that the reorganization of production under socialism would have to lead to the "complete separation of the enterprise... from the state," to its transformation into "objects dependent on the market," that the "new economic mechanism must create the conditions for true market competition,"<sup>16</sup> that is, the establishment of typically capitalist elements in the socialist countries.

Together with this, and in connection with the spread of various theories of "convergence," the number of bourgeois publications in which socialism is seen as a system very close to contemporary state-monopolistic capitalism is growing. These authors mechanically apply to socialist economics the categories and terminology characteristic of the economic system of modern capitalism. For the most part these theories conclude with the affirmation about the "growing resemblance" and the "future merging" of capitalism and socialism into some sort

of "hybrid society" (P. Sorokin), "optimal order" (Jan Tinbergen), etc., as a combination of the elements of capitalism (private initiative, profit, the market mechanism) with those advantages of socialism which bourgeois ideologues are forced to admit today (national economic planning, avoiding unemployment, a more just method of distribution, etc.). Based on this "musing about the future," the American theoretician of the converging utopia, J. K. Galbraith, for example, stresses the "important role of the trend toward convergence among the industrialized societies, no matter how different their ideological or national pretensions are."<sup>17</sup> And he concludes: "We see that the convergence of the two different industrial systems is being carried out in all the most important areas."<sup>18</sup>

The theory of convergence, similar to the concept of the "mixed economy," responds to the interests, generally speaking, of bourgeois reformism. There are differences, however, in the treatments of socialism's prospects. Thus, while the more reactionary bourgeois theoreticians (Walt Rostow) permit only the possibility of socialism's unilateral evolution in the direction of the capitalist forms of management, i.e., they actually base their views on a certain mixture of socialism with state monopolistic capitalism, others such as Jan Tinbergen believe in the possibility of a certain hybrid, "optimal" economic system arising.

The trend toward methodological dualism in the comparison of the two socio-economic systems is a new form, which bourgeois economists use in aspiring to attain their old goal: to show that capitalism is a more efficient economic system with regard to economics. In the works of the representatives of primitive anticommunism, this aspiration is not concealed: socialism, according to them, must not be explained solely with the help of "purely economic,"<sup>19</sup> criteria, because this would be alien to the "strict" economic rationality of capitalism. Revaluation of the efficiency of socialist economics could be possible only if the economic criteria are supplemented by ideological ones, which according to the understanding of the anticommunist ideologues have "imposed" a "ruling elite" on the people living in the socialist countries.

Sociological, sociopsychological, political, and other factors in bourgeois conceptions about socialist economics are integrated on the basis of the principle of the factors' pluralism.<sup>20</sup> They are combined mechanically; no differentiation is made between the fundamental factors in socioeconomic development and certain secondary and superficial factors. In this way, when the activity of the socialist system is explained through the prism of the bourgeois world view, either it reaches complete subjectivism,<sup>21</sup> or it goes to the other extreme, to technological determinism, where the basic attributes of the socioeconomic system are brought forth directly by the development of technology. Thus it is not accidental that the attempts to integrate the institutional and sociological elements in the bourgeois models of socialist economics often result in rather naive conclusions. When they are juxtaposed with reality, it turns out that such methodological tricks not only do not help in finding a way out of the contemporary state of crisis in bourgeois concepts of socialist economics, they work in the opposite direction: this crisis is made much more serious.

The greater implementation in the socialist countries of the principle of democratic centralism in management, with the constant strengthening of the workers' participation in it, is a phenomenon incompatible with the bourgeois economists' traditional method of thinking. Many of them have grown accustomed to debate with the notions of this mechanism: they come up with either the absolute decentralization of economic decisions and the market mechanism connected with it, or absolute centralization and the "administrative-command" model of management that proceeds from it.

But the more the empirical "Sovietologists" expand their research, the more concrete knowledge the bourgeois economists and sociologists obtain about various features and aspects of the socialist system, the more clearly the contradiction between the theoretical bourgeois views and reality is manifested. But of course it would be incorrect if this moment of crisis in the bourgeois conceptions about socialist economics were to create the impression that the ideological acuteness of anticommunism has been weakened.

Since the bourgeois economists proceed from the absurd concept of the "absolute command economy," it is not different to reveal the unsoundness of their theories. The more, however, the contemporary ideologues of capitalism rely on concrete data about the development of the socialist national economy (which they naturally interpret in a tendentious way), the more they use for their own purposes certain unresolved problems of Marxist economic theory, the more difficult the struggle against bourgeois ideology is and the greater the responsibility of the creators of Marxist-Leninist political economics correspondingly becomes. From the point of view of the ideological subversion carried out against socialist countries, the theories which describe the positive aspects and deficiencies of the basic contemporary socioeconomic systems with petit bourgeois objectivity are quite dangerous. Revaluating one "shortcoming" or another in the socialist structure from a "superclass" position, they present various "optimal" resolutions, which actually lead to liquidating the greatest conquests of socialism.

Historical experience clearly shows that the positive resolution of economic problems in socialist society and the utilization of all possibilities for combining the achievements of the scientific-technical revolution with the advantages of the socialist system are the most convincing arguments in favor of socialism in economic competition as well as in ideological struggle.

#### Problems in Social Production

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[Article by Prof Zdravko Kovachev, Doctor of Economic Sciences: "Structural Problems of Social Production in the Bulgarian People's Republic"]

[Text] In the documents of the 12th Party Congress and the post-congress theoretical elaborations of Comrade Todor Zhivkov, the party has posited the requirement of a multifold increase in the productivity of social labor. For the practical realization of this requirement, the contribution of the further perfection of the structure of social production may be significant.

The contemporary structure is the foundation for carrying out future structural changes in the present decade and up to the year 2000. The structure by itself is dynamic; changes in it are inevitable, and these changes must relate to it in a historically concrete way. The explanation of the aims and priorities in the structural changes of production obliges us to conform with the particularities of the given stage, one of which is the transition to universal, complete intensification and logical conduct of management in the national economy, based on economics.

The objective laws of intensification and the recognition and utilization of the subjective factor are linked with increasing the economic and social efficiency of socialist production. There are direct and reciprocal links between intensification and structural changes. Intensification includes paying greater attention to structural changes which touch on a broad range of dependences and proportions in the national economy. Taken together, they are reflected in the system of socialist production relationships. They influence the active mechanism of the objective economic laws; they influence the economic forms and methods of their utilization. Intensification gives rise to a number of problems in the structure of social production. These require theoretical enlightenment, with principally new generalizations and conclusions. Studying these problems must come about from the position of the unity between theory and practice. And when studying the structural problems of our economy, the functions of socialism's political economics must be applied comprehensively, in order to avoid the onesidedness of a theoretical analysis.

In studying the structure, the reproduction approach must be maintained. The structural processes touch on the proportions of social production, into which their economic and social characteristics are organically interwoven. With this in mind, the structural changes must be directed toward speeding up intensification, forming more efficient correlations in the natural-material and value make-up of the combined social product, toward the creation of the pre-conditions for multilateral, and later universal, development of the socialist individual.

In economic writings much attention is devoted to the field structure of social production. Socialist organization organically includes the resolution of strategic tasks with regard to profound changes in fields, without which it is not possible to change the economy's patterns or ensure an efficient social reproduction process. The field structure of social production has not lost its significance as a subject of study. In our country we note the sizable contemporary trends toward expanding the structural processes in terms of the fields, with new measures and trends in the development and forms of manifestation. Under contemporary conditions, and together with them, problems of the political-economic analysis and other aspects of the structure of social production are being manifested. The transition to universal intensification is connected with the growing complexity of the structural processes in the economy and dictate expansion of the scope of the theoretical analysis.

The question of the possible directions for the structural changes is a very important one for theory and practice, in terms of securing good results from utilizing the means of production and the work force. The current validity

of this question is determined by the circumstances that universal intensification is inseparable from the qualities of the material and personal factors utilized in the production process. In this regard, two aspects of the structure of social production are interwoven: the functional and field aspects.

The arguments in favor of these two aspects of the structure can be put forth in terms of abstract logic. But in terms of serving social practice, it is better to link them with actual reality. Here are some data. In 1981, the technical state of machines and equipment in industrial production demonstrated that 53.5 percent of them were obsolete and insufficiently complete. The relative share of electronic machines and equipment was 6.7 percent; of semielectronic equipment, 4.7 percent, and of fully automated equipment 7.7 percent.<sup>22</sup> In terms of the human labor utilized, the statistical information shows that three-fifths of the people involved in material production had no secondary education. The educational level reflects on the training as well. The correlation between workers with higher, secondary, and primary training was not satisfactory. The share of the less educated groups dominated. And we can add to what has been said that 49 percent of the workers in industry carried out only manual operations.

It is clear that with such a qualitative make-up of production factors, the means of production and the work force, it is difficult to count on a sharp turnabout or a multifold increase in the productivity of labor. The key to resolving such a large-scale task is in greater attention being paid to the functional structure of production. Thus we are dealing with the changes in the production of the means of production, which conform with the functional purpose of the various types of means and objects of labor, in order to adapt them to serve comprehensive automation, mechanization, and electronization of production, the use of chemicals, etc.

One of the direct goals of the structural policy is, through utilization of the program-oriented approach, to increase the relative weight of machines and technological lines, which leads to liquidating manual labor. Perfecting the structure of labor's implement fund is vitally important for universal intensification, to bring about the modernization, electronization, and full automation of the machines. Measures for implementing modern technical progress are urgent for the warehouse economy, loading and unloading operations, for obtaining new material and natural resources.

Securing such changes depends to a great extent on the directions in the development of the internal field and internal production structure. This type of change in the structure is distinguished by its tremendous elasticity and the possibility of timely reflection and application of the leading achievements of the scientific-technical revolution. Consequently, agreement about its functional fields, primarily the internal field changes in the structure of production, is a necessary condition for maintaining a course of universal intensification in the economy.

Another contemporary aspect of the structure of social production relates to the progressive changes, not only connected with the processes of accumulation, but also with the realization of analogous processes in the structural correlation already formed from the point of view of simple production. This is

an aspect which touches on the connection between the structural changes and the scope of the intensification. What do we have in mind? Intensification is a category of social production which expresses the changes in the forces that move it under the conditions of scientific-technical progress. These changes are unidirectional and influence the conditions of simple and expanded production. Of course, the structural changes are manifested best in the realization of production accumulation. Thus the qualitative changes in production factors touch most of all on the new means of production and work force brought into operation. On this basis, intensification is reflected most of all in the structure of the growth in the social product and the national income. Hence the qualitative characteristics of the intensification are linked primarily with measuring the structure of the absolute growth in the annual gross national product, i.e., the degree to which it is present as a result of increased productivity of labor and the changes in the number of people occupied with material production. This method of quantitative reflection of the intensification has cognitive and practical significance. But it inhibits the possibility of revealing a fuller influence of the structural processes on it, because the share of growth rates in the general volume of the gross national product (the national income) is not great. Thus, for example, the relative weight of the newly created value of the national income of the Bulgarian People's Republic in 1982 was only 4 percent, and the growth in the gross national product was 6.6 percent.<sup>23</sup>

The objective mechanism for expanding production is such that the structural processes also cover simple production. This is manifested in the circulation and turnover of production funds. In the course of circulation and as an expression of the development of the functional structure of production, the qualitative changes include in their scope the objects of labor and that portion of the instruments of labor which help to renew the basic production funds which have gone out of use. The dialectic of the link between technical progress, functional structure, and intensification is manifested in the fact that the latter is developed broadly, i.e., the encompassing processes of accumulation, and deeply, including gradually in its influence the production factors within the limited simple production. Such a view of the link between the structural changes and intensification fully corresponds to the theoretical position of Karl Marx that "in terms of accumulation coming about, simple production always forms a part of this, and consequently can be seen all by itself as a real factor in the accumulation."<sup>24</sup>

The dynamism of scientific-technical progress quickens the moral wear of the technology and requires an active policy of renewing the equipment of labor. This process is developed objectively, and it has had new manifestations during the scientific-technical revolution. This is why, in looking at it, it is necessary to devote greater attention to perfecting the functional structure of the means of production, in order to ensure a high technological level of innovation.

The structural changes have an economic sense, when they influence the increase in the efficiency of production. The greater the increase in the scales of production, the more necessary are decisions for optimizing the correlation between the fund for renewal of material expenses and the newly created value

in the gross national product. The facts show that the share of material expenses in 1982 was 65.6 percent, compared to 59.9 percent in 1970. In 1983, the material expenses represented a value of 45 billion leva. In order to provide the national economy with raw materials, materials, and fuel, huge capital investments are made, the costs of transportation and maintenance in the warehouse economy are increased for the objects of labor. If the trend for increasing the share of the material costs in the gross national product continues, it will create a perceptible tension in the balance of capital investments; there will be difficulties in obtaining hard currency.

Because of this, there is topical significance for the comprehensive study of the possibilities offered by the scientific-technical revolution for activating the influence over structural changes, with the goal of improving the correlation between the renewal fund and the newly created value. In this regard the problem is one of political economics, related to the analysis of the renewal fund's dynamics, as we keep in mind the unity between its natural and value form. The task, more concretely, is to investigate, at the present level of technical progress, the dynamics of material expenses as the sum of various consumer prices and the dynamics of their value expression. It must not be devalued; on the contrary, we should keep in mind the contradictions in the renewal fund's dynamics, when it is observed from a natural-material and value point of view. The scientific solution of this task must come about through the study of the possible ways for obtaining a relative decrease in the physical expression of the renewal fund on the basis of efficient changes in the internal field, functional, and technological structure of production.

The changes in the correlation between the domestic and international socialist division of labor, according to their reflection in the structure of the social production, touch on a broad range of questions. In the future, the influence of the integrational ties to the Council of Economic Mutual Assistance over national production processes will be strengthened. We expect further internationalization of production. Experience in our country up to now shows that the more persistent the line of endowing the national economic complex with an international profile, the more successfully the problems of technical progress are solved, the more stable are the preconditions created for moving to higher forms of intensification. This is why, if we keep in mind the documents of the Moscow economic summit meeting (June 1984), it is necessary to forecast and plan in advance for the subfields and productions which will be developed up to the year 2000 as integrated, specialized ones in the international socialist division of labor. Social practice demonstrates that the integrationally specialized productions in the Bulgarian People's Republic have thus far obtained the highest economic results. These productions respond most quickly to leading achievements in scientific-technical progress and become the nucleus of intensification for the national economy. This relates most strongly to the integrational specialization of our machine building.

In his introductory remarks to the National Party Conference, Comrade Todor Zhivkov expressed the party policy in this regard. He pointed out that the Bulgarian People's Republic must continue the development of fields in which it specializes, within the framework of the socialist community. Simultaneously with this, we must develop new productions, which will permit us to gain new positions in the international marketplace.<sup>25</sup>

Economic science now must expand the study of concrete trends in the internal field changes in machine building, the chemical industry, and other productions, in order to acquire new, priority specializations within the boundaries of the CEMA. It is necessary to accentuate those results which respond to two important requirements: first, the structural changes must conform with the highest achievements of the scientific-technical revolution and leading experience in the world; second, they must contribute to the transition to the fund-economic form of the intensive development of reproduction. Only in this way will we reach the necessary mutual benefit from the international specialization of production, because the production generated will ensure the growing efficiency of its utilization in the other socialist countries.

Last but not least in importance is the question of the social aspects of the structure of social production. We will examine this question from several points of view. The link between the social aspects of the structure, intensification, and the efficiency of production has a fundamental significance. This link can be studied in the light of the fundamental position of political economics, that "the well-known problem of consumption is one of the elements of proportionality."<sup>26</sup>

It was pointed out earlier that the intensification of production depends on the quality of the functioning work force. Studying the real processes in the national economy provides a foundation for adding that the quality of the work force turns into one of its limiting factors. Universal intensification needs to have a trained work force produced; it needs the skill of incorporating technological progress rapidly, as well as the changes in the organization of labor, and production. These and other requirements for the production of the work force at the present stage assume a higher level of private consumption. For the planned regulation of this expanded production, this means that structural changes are needed in the economy in order to redirect them toward serving the firmer commitment of production to private consumption. Producing a trained work force for the needs of universal intensification cannot be vigorous if it is not combined with the comprehensive satisfaction of private needs. Now and in the near future, such satisfaction of private needs through the application of scientifically based norms of consumption will become the criterion of the social aspect of the structure of social production and the structural policy of the socialist state.

Observing this criterion will help in economic stimulus and the realization of economic interests. In commodity-currency relations, economic stimulus has two aspects: the value and natural-material aspects. The value aspect is manifested by means of direct dependence on the labor contribution of each member of the society and the growth in his monetary income; the natural-material aspect is seen in the real possibility of exchanging income for various commodities. If other conditions are equal, the central point is the presence of all the necessary preconditions for making the population's monetary income real. From the point of view of the objective laws of forming and utilizing private income, the aspect of this question which has been examined relates to the link of the structure of the second subdivision of social production with the unity between the value and the natural-material components of the consumption fund of the national income.

The economic interests of the individual and the collective and economic stimulus are realized most effectively when the objectively necessary unity between the natural-mineral and the value components of the consumption fund is present. This unity is necessary in order to maintain the proportions in the area of trade, in order to achieve a correspondence between the purchasing and commodity funds. Any violation in the unity of the value and natural components of the consumption fund inevitably limits the possibility for commodity security of the populace's payment ability aspiration. Along the chain of economic relationships of the social production process, the unity between the value and the natural-material components of the consumption fund must be maintained in two ways: first, by perfecting the production links of the second subdivision with the production of the means of production; second, by the proportional development of the production of consumption objects, the balanced linkage of its annual product with the rapid changes in the volume and structure of private needs. This is why, under the conditions of a high rate of scientific-technical progress and dynamic changes in the product structure of the second subdivision, the political economy of socialism cannot be satisfied only with the classification of private needs into material, spiritual, and social. A detailed study of the components of private needs that are constantly being enriched and their multiaspectual classification are necessary for the planned management of structural changes. On this basis, it is even more expedient in helping to realize the social aims of the structural policy. The conclusion is that the larger role of economic stimulus with the new economic approach and its mechanism increases its dependence on the level and the structure of the production of consumption goods, since its annual product is the direct material basis of the consumption fund.

What has been set forth here does not exhaust the social aspects of the structure of social production. These have a broader scope and are related to the production structure and the entire system of proportions in the expanded socialist production. Given this background, it is possible to evaluate the importance of the political-economic problems of the structure, their unity, and their mutual conditioning with the development of socialist production relationships, with the measures for building an economic mechanism which is adequate for a mature socialist society.

#### Quantitative Methods Discussed

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[Article by Prof Boyan Andonov, Doctor of Economic Sciences: "A Supplement on the Quantitative Methods of Socialism's Political Economy"]

[Text] Marx's thought that every science matures and is developed when it begins to use mathematical methods is well known. But utilizing quantitative methods in political economics has significance not only for the theory, but also for the practice of socialist development. When we speak of automation, of the microelectronization of production, of the utilization of computers and microprocessors, we cannot manage such production and raise its efficiency if the economic categories and laws cannot be reduced to or identified in determined quantitative forms, if the quality cannot be expressed in terms of quantity.

The attention of our party has always been directed toward this aspect of the question.<sup>27</sup> Without the resolution of these problems, the combination of quantitative and qualitative analysis in economic theory, the development of political economics itself, its gnoseological and practical-applicable functions, could be hindered or impeded. It is not accidental that at the most recent congresses of the Communist Party of the Soviet Union and the Bulgarian Communist Party conclusions were drawn about the unresolved questions and the blank spots in economic science (most of all in socialism's political economics).

Using quantitative methods in socialism's political economics is not a simple act, but a complex process with many unresolved questions. Their application here is not the same as in physics, chemistry, or even in some social sciences, such as sociology, for instance. The difficulties arise from the subject of study itself: the production relationships, as well as the methods of study, whether abstract-logical or historical. Without going into detail, we can set forth the most important particularities, difficulties, and unresolved questions about the utilization of quantitative methods in socialism's political economics.

The first particularly relates to the correlation of quantitative and qualitative analysis in economic theory. The fundamental economic thesis about the primacy of the qualitative type of analysis over the quantitative type is well known. But this does not deny the role of the latter. Beginning with determined hypotheses, with the determined qualitative analysis, and relying on it, a quantitative analysis can expand a preliminary qualitative analysis, can lead to its refinement, supplementation, to the discovery of new quality.

Sometimes a purely quantitative method becomes mixed with the methods of contemporary mathematics when it is affirmed that the mathematical method is an investigation only of quantity. This is least precise with the modern mathematical methods, which are quantitative and qualitative. Such mathematical methods as order, interval, nominalistic, and others, are not quantitative but qualitative methods. This is related to such mathematical methods as mathematical logic, the theory of algorithms, the theory of sets, topology, and the theory of multitudes. These methods are connected most of all with qualitative analyses. Thus when someone speaks about the primacy of the qualitative method over the quantitative one, this must not reduce the mathematical analysis merely to a quantitative analysis and then affirm the primacy of the qualitative analysis over the mathematical one. It is better to support the thesis of the primacy of the dialectical material method over all other scientific quotient methods (including the mathematical one).

Of course, if the mathematical method is used for its own sake, if its deductive and axiomatic natures are made absolute, this inevitably leads to formalism, to scholasticism, and even to idealism (where material relationships will disappear, where only formulas will be left).

The second particularity in the application of mathematical methods to socialism's political economics is related to the question of how much the mathematical method can express the essential relationships in economics. Political economics expresses the essence of production relationships and economic laws. If the mathematical method cannot express this essence, its application is extremely limited, even in the best case.

As we speak about the expression of the essence of economic processes and relationships, we comprehend it primarily as the expression of reasons, dependences, and the unity and struggle of opposites.

Until recently, the economic literature affirmed the view that the quantitative and mathematical methods could not express the reasons behind phenomena, that they show only their functional, external links. "Every function expresses the dependence between two variable functions, one of which is seen as being dependent, but the choice of arguments itself is capricious..."<sup>28</sup>

Recently in contemporary science, the path of causal and quantitative mathematical analysis has made itself felt more often, because it defines the causes and the effects in its analysis. We already have at our disposal the basis of mathematical means, which offer the possibility of a partial cause and effect analysis of the system of production relationships.<sup>29</sup>

The application of such mathematical means in political economics is not simple or easy. The economic system is a complex hierarchical system with different levels: micro, mid, and macro. There is a link between these levels, but it is not direct and it is mediated by the respective connecting links. This means that it is not possible or correct for relationships connected with the deepest level of the analysis to be identified with information from external levels, or to establish a correlation or causal link between them directly.

It is not accidental that Marx speaks about the primary, secondary, etc., production relationships. One level is that of profit and interest, another is the surplus value, a third is the value of abstract labor. There is a link between these levels, but it is indirect. Precisely because of the fact that intermediate links cannot be applied, Marx criticizes Ricardo, who cannot respond to this question by using the law of value to explain the difference in the prices of wine that is 1 year old or many years old, etc.<sup>30</sup>

And this means that the causal mathematical analysis must account for the differences in the economic levels and their subordination. Not to mix the separate links, because in this case it would not establish any cause or any essence, but to account for the fact that each level has its own relative cause, and the nearer this level is to the surface of the phenomenon, the less will this cause express the essence and approach a functional link. This is the example of circulation and the annual norm of surplus value.

Another aspect of the analysis, which the mathematical method must conform with (especially the new quantitative methods), is the very nature of the economic system under socialism. Despite the fact that social ownership has long been established, and labor at the beginning had a directly social nature (not in the details), the form in which the production relationships are manifested is a commodity one, and the labor is not directly social in the details. This predetermines the impossibility of a total and complete quantitative embrace of all the process and proportions in the economy, simply because there is commodity production. In this sense, the socialist economy cannot be seen as a huge factory, as the classicists envisaged, and hence the application of mathematical methods cannot be all-encompassing, they cannot account for all economic indicators in one global system.

This does not mean that the commodity-currency relationships are excluded from the mathematical methods. On the contrary, it merely means that the mathematical method must be based on the economic method. In this analysis, the economic method will stand for relative independence in the description of various economic subsystems, the application of the economic methods, as an account is made for the difference in the criteria of the various subsystems, the necessity of regulators, in order to maintain balance and a planned approach, which cannot be established in the details (for the microlink, this is the enterprise) preliminarily in a precise, quantitative way. In this sense, the economic approach requires its own particularities in scientific investigations, with the aid of quantitative methods. But quantitative methods are not limited to this. On the contrary, the effectiveness of the investigation is aided by using them.

Finally, a very substantial particularity in the application of mathematical methods to economic research is the difficulties connected with the many economic factors and chiefly with the so-called active elements, the difference in the aims, needs, and interests of various levels and economically differentiated collectives in the national economy.

In bourgeois political economics, a good deal of attention is devoted to these difficulties. And this is not by accident. If we examine the relationships in their quantitative or qualitative aspect, only from the point of view of the object, of the subjective, actual utilization of the mathematical methods, it would hardly be effective, because as many goal-oriented functions must agree as there are members of the society, and this is impossible. Thus Belman speaks about the "damnable of small sizes," and N. Viner addresses the indeterminability of the system which proceeds from the object.<sup>31</sup>

Marxist political economics does not deal with separate individuals and their experiences, but with combined, socially necessary objective relationships. This is stressed by many scholars. "But if one proceeds from the contemporary point of view, if it is admitted that political economics deals not with individual motivations, all principal theoretical difficulties in terms of measurement disappear."<sup>32</sup>

The principal question is: can the quantitative and more general mathematical methods express the needs and interests of the respective economic levels? This question is extremely important. Its importance arises from the fact that the needs and interests exert an influence on the fundamental economic law of socialism, that the goal of socialist production is expressed in it. Under capitalism, the criterion can be expressed only in terms of value, in the amount of money, because it expresses the growth in value. This is not sufficient under our conditions. Under socialism, we must express the aims not so much in the form of value as in the form of need. The value form itself can be planned and optimized only if it is connected with the utilization of the basic economic law. But can the needs be expressed quantitatively? Can the consumption value and level of its satisfaction be expressed? If one approaches this subjectivistically, this is not possible on a societal scale. Thus the theory of limited usefulness not only is an anti-Marxist theory, it cannot even give concrete quantitative results.

If the bourgeois theory about limited usefulness is mistaken, the differential mathematical approach to expressing the level of satisfaction of needs is not faulty. The objective social usefulness itself is not faulty, because it is understood as objective growth, which a given economic factor contributes to the realization of the aim of production. The faultiness in the bourgeois theory about limited usefulness arises from the fact that the analysis is reduced to the individual object; the analysis is often axiomatic, isolated; it accentuates the general, not the dialectical unity between the general, special, and single. Engels pointed out in his "Anti-Duering" that the general in production does not demonstrate anything, because it is one and the same in England and in Tierra del Fuego.

The historical approach is ignored. In this way, political economy is vulgarized. But if we throw out these bourgeois and vulgar principles of analysis, the differential mathematical method (of small increments of growth) is useful in itself and important for economic research. This principle itself--and it lies at the base of limited usefulness, the level of increase in the quantity of the means consumed, their limited usefulness; it has a tendency to decrease--is an objective feature of every system. This means that the changes in a certain element have a greater significance for a smaller system than when the system is larger.

The question is that abstract position which is true by itself, and which can be linked to the objective social system, with its aims and needs.

If we approach the question in this way, objectively, we can use the mathematical method for determining the level of satisfaction of the objective social needs, we can give a quantitative evaluation to the aims of the economic system, we can reconcile to a certain extent the interests of various levels. And this means that mathematical methods to a certain degree can help in expressing the regulatory role of the fundamental economic law.

The objective nature of such comparison and measurement of needs is connected with the comparison and measurement of the consumption value as a social consumption value.

Of course, under the conditions of socialism, it is not possible to speak about the comparison and measurement of individual consumption values. For instance, one pair of shoes and a meter of fabric have different individual utility for different individuals. Thus no bourgeois theories about limited usefulness thus far have measured them concretely, despite the tons of literature on this question.

But if under socialism individual consumption values are not comparable, this is not true of social consumption value. At the social level, indeterminate subjective preferences are folded into one social relationship, which is fully definable under the unidirectionality of the society's aims under socialism. For example, if the social need for shoes is 2 million pairs, and only 1 million are produced, and the social need for woolen fabric is 1 million meters, and 750,000 meters are produced, then it is evident that a 1 percent growth in the

production of shoes would have about twice as much social utility, because the need for shoes would be less satisfied than by a 1 percent growth in the production of the fabric. In this sense, the social consumption value under the conditions of socialism (social usefulness) is fully definable with the aid of contemporary mathematical methods, in contrast to the indeterminability of subjective usefulness.

Using this method, with the assistance of computer technology in Bulgaria at the Academy of Social Sciences and Social Management of the Central Committee of the Bulgarian Communist Party, we succeeded for the first time in obtaining definite evaluations of the level of satisfaction of needs, of the social usefulness in 17 fields in our country, under different variants of economic policy.

This approach provides the possibility of coordinating various types of interests on the basis of the general population's interests and in conformance with the requirements of socialism's fundamental law.

In conclusion we will stress that the quantitative, and in a broader aspect the contemporary mathematical methods have tremendous significance for raising the level of socialism's political economics, although their integration with socialism's political economics is not a simple task. On the one hand, not all quantitative methods are applicable or have been elaborated for the needs of the political economy, such as, for example, the needs of mechanics. Newton developed a differential calculus. Now only linear programming and game methods are directly addressed in economic research. All other methods must account for the idiosyncrasies of the economic system (this also relates to mathematical programming). On the other hand, socialism's political economics itself does not always offer a good possibility for applying these methods. A number of categories in socialism's political economics are still sharply discussed and even contradictory. This does not mean, of course, that we must wait until socialism's political economics becomes more mature and all its categories are totally refined, and the mathematical methods accommodate themselves to its object. On the contrary, the application of the new mathematical methods is a means and condition for further refining certain economic categories and concepts and at the same time providing the possibility of accommodation of the mathematical methods in accordance with the economic object.

Thus since mutual influence is one and the same, this is one of the means and conditions for raising the level of socialism's political economics.

#### FOOTNOTES

1. K. Marx and F. Engels, "Works," Vol 23, p 496.
2. Ibid., Vol 4, p 152.
3. T. Zhivkov, "Osnovni polozheniya na partiynata kontseptsiya za noviya kodeks na truda" [Basic Positions on the Party Concept of the New Labor Code], Sofia, Partizdat, 1982, pp 119-120.
4. Marx and Engels, op. cit., Vol 46, Part 1, p 24.

5. See "Za usuvurshenstvuvane na sotsialisticheskata organizatsiya na truda i planovoto rukovodstvo na ikonomikata" [On the Perfection of the Socialist Organization of Labor and Planned Management of Economics], Theses, 1978, p 25.
6. "Kum razvito sotsialistichesko obshtestvo" [Toward a Developed Socialist Society], (Iv. Kostov, "Private Ownership at the Stage of Building a Developed Socialist Society"), Vol 1, Sofia, Nauka i Izkustvo, 1973, p 176.
7. T. Zhivkov, "Otchet na TsK na BKP pred XII Kongres i predstoyashti zadachi na partiyata" [Report of the Central Committee of the BCP at the 12th Congress and the Tasks Facing the Party], Sofia, Partizdat, 1971, pp 50, 51.
8. According to data offered by Kr. Atanasov in his brochure, "Lichno stopanstvo v NRB" [Private Economic Activity in the BPR], Sofia, Propaganda and Agitation Department of the Central Committee of the BCP, p 11.
9. T. Zhivkov, "Problemi i podkhodi na izgrazhdaneto na zreliya sotsializum v NR Bulgariya" [Problems and Approaches in Building Mature Socialism in the People's Republic of Bulgaria], Sofia, Partizdat, 1984, p 124.
10. P. Savchenko, "Overcoming the Socioeconomic Differences Between the City and the Country," EKONOMIKA, No 6, 1981, p 77.
11. "Agrarnye problemy razvitogo sotsializma" [Agrarian Problems of Developed Socialism], Kiev, Naukova Duma, 1979, p 284.
12. See "Sovremennyy kapitalizm i burzhuaznaya politicheskaya ekonomiya" [Contemporary Capitalism and Bourgeois Political Economy], ed. A. M. Romyantsev, et al., Moscow, 1967, p 414.
13. G. Grossman, "An Economy at Middle Age," PROBLEMS OF COMMUNISM, March-April, 1976, p 26.
14. A. Stalder, "Au-dela du Capitalisme, du Collectivisme et du Dirigisme," Lausanne, 1980, p 107.
15. R. Garady, "Le Grand Tournant du Socialisme," Paris, 1969, p 43.
16. PREUVES, 1983, 3 Trimestre, p 3.
17. J. Galbraith, "The New Industrial Society" [Russian translation], Moscow, 1969, p 452.
18. Ibid., p 454.
19. "Communism, the Great Economic Failure," U.S. NEWS AND WORLD REPORT, No 8, 1982, pp 35-36.

20. A. Nove, "The Soviet Economic System," London, 1978, p 23.
21. K. S. Smith, "ABC's of Trade with the Soviet Union," U.S. NEWS AND WORLD REPORT, Vol 94, No 5, 1983, p 42.
22. "Intelektualizatsiya, trud, obshtestvenno proizvodstvo" [Intellectualization, Labor, and Social Production], KESSI, 1984, p 49.
23. Computed according to the Statistical Yearbook of the Bulgarian People's Republic, 1983, p 13.
24. Marx and Engels, op. cit., Vol 24, p 415.
25. "Natsionalna Partiyna Konferentsiya" [National Party Conference], Sofia, 1984, p 44.
26. V. I. Lenin, "Works," Vol 4, p 162.
27. T. Zhivkov, "Works," Vol 16, p 491 ff.
28. I. G. Blyumal, "Kritika burzhuaznoy politicheskoy ekonomii" [A Critique of Bourgeois Political Economy], Vol 1, Moscow, 1962, p 152 ff.
29. The basic ideas are maintained in the works by S. Rang and G. Vol'd, "Path Models...", in "Matematika v Sotsializm" [Mathematics in Socialism], Moscow, Mir, 1977; Patrik Supes, "Probability Analysis of Causality," P. Taganov, "Informational Measure of Causal Influence," etc.
30. This side of the question is examined by Abalkin, "Dialektika sotsialisticheskoy ekonomiki" [The Dialectic of Socialist Economics], 1981, p 148; and other authors.
31. "In the social sciences, it is very difficult to reduce to a minimum the link between the observer and the observed phenomena... Research on the fund exchange will probably turn into the fund exchange itself," N. Viner, "Kibernetika" [Cybernetics], Sofia, 1958, pp 201-202. In contemporary physics the relationship among the instrument, the observer, and the elementary parts suffers indeterminate influence. But the mathematical method does not lose any of its significance for contemporary physics because of that, on the contrary.
31. I. G. Blyumal, op. cit., p 456 [footnote numeration as published].
32. [Footnote 32 not given in original text].

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